EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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D 8523A

THIRD WORLD
UK acts unilaterally on debt relief
Page 24

World News

Moscow and US press Israel on peace talks

The US and Soviet Union joined forces yesterday in an unprecedented effort to overcome the last obstacles to a Middle East peace conference by pressing Israel to accept terms for the talks.

But Israel made clear it was not yet satisfied that its insistence on excluding the Palestine Liberation Organisation and Jerusalem Palestinians was being heeded. Page 4

Nato nuclear cuts
Nato defence ministers agreed to cut their nuclear arsenal in Europe by 80 per cent. A timetable for the cuts will be agreed next month. Page 24; New problem looms, Page 2

Siege of Vukovar
Serbs fought Croats hand-to-hand for control of the besieged Croatian town of Vukovar. Croat refugees were reported to be fleeing from nearby Ilok on the River Danube as the Yugoslav army moved in. Page 24

No to economic pact
The Ukraine opted out of an important economic agreement between former Soviet republics. Moldova and Georgia have already rejected the deal, due for signature today. Page 24; Offer on reactors, Page 2

Rebel bombs kill 41
Suspected Sikh rebels killed 41 people and injured at least 140 when they set off remote control bombs during a Hindu holiday show in the north Indian town of Ruderpur.

Envoy refused
Burma refused to let the Polish ambassador deliver a letter telling Burmese opposition leader Aung San Suu Kyi that she had won the Nobel peace prize. Mrs Suu Kyi is under house arrest.

Spanish cocaine haul
Spanish officials seized a tonne of cocaine worth about $100m aboard a ship from Venezuela. The drug shipment had been tracked for six months.

Dioxin cancer risk
People exposed to dioxin, a chemical used in herbicides, are 24 per cent more likely to die of cancer than the general population, according to a UK medical magazine report based on a study of German herbicide factory workers.

Anger at Benetton ad
A group of French conservatives is taking legal action to get Italian clothing maker Benetton to withdraw up to 1,300 advertising posters showing a priest kissing a nun. They say it is offensive to Roman Catholics.

US rejects gun reform
The House of Representatives in the US voted to remove new gun control provisions from a crime bill, rejecting arguments that they might have helped reduce the toll in the Texas cafeteria massacre.

Campus kissing blitz
Chinese police are vigorously enforcing a new rule against public hugging and kissing at Beijing University. More than 100 people have been caught since the "offence against decency" rule took effect on October 5.

Business Summary

AT&T to cut workforce by 14,000 in $4bn restructuring

American Telephone & Telegraph is to cut around 14,000 jobs – about 4 per cent of its workforce – over the next 27 months as part of a major restructuring which led yesterday to $4bn of charges against third-quarter earnings.

The charges, foreshadowed in July, cover the cost of merging AT&T's computer business with that of NCR, acquired last month, and rationalising AT&T's telecommunications businesses. Page 25

NORWEGIAN government announced details of an emergency NKr11.5bn ($1.75bn) package for the country's banking system. Page 25

GENERAL Dynamics intends to divest its Cessna commercial aircraft subsidiary through a sale, an initial public offering, a spin-off to shareholders or another form of corporate disposition. The divestiture, to be handled by Morgan Stanley and Salomon Brothers, will reduce long- and short-term debt by about $240m.

BRISTOL-MYERS Squibb and Pfizer, leading US pharmaceutical companies, returned third-quarter results indicating the industry's ability to thrive regardless of the state of the economy. Page 28

LAIDLAW, Canadian waste services and school bus operator, has capped a turbulent year in its relations with Michael Ashcroft's ADT by writing off half its $900m investment in the Bermuda-based car auction and security group. Page 25

ITO-YOKADO and Daiei, leading Japanese supermarket chains, reported modest increases in first-half profits, but indicated that capital spending would remain high, regardless of signs of slowing economic growth. Page 30

ALBERT Fisher, the acquisitive fresh-produce distributor and food processor, reported a 20 per cent increase in annual pre-tax profits to £89.03m ($153m). Page 26; Lex, Page 26

LAUDA Air, Austrian airline owned by Niki Lauda, former motor racing champion, has ordered four Boeing 777 wide-body aircraft worth $560m. Page 9

PLATINUM: Impala Wildebeestfontein North, in the South African homeland of Bophuthatswana, has been shut due to labour unrest. The Wildebeestfontein North and South mines account for 50 per cent of production for Impala, world's second-largest platinum producer. Anglo American climbs 16%, Page 30

MILAN bourse: Italian stock markets reopened full-time as floor traders went back to work following a four-day strike. Page 31

LLOYD'S: Members of the London insurance market face losses of £70m ($120m) – double earlier estimates – after the series of recent weather disasters. Page 24

FIAT, Italian carmaker, announced the temporary lay-off of 45,000 workers in November to adjust production to sluggish market demand. Ford to make left-hand drive cars at Halewood, Page 11

Bush looks at tax cuts to revive economy

By Michael Prowse in Washington

A RAFT of poor economic statistics yesterday left US analysts apprehensive about trends for both growth and inflation. US president George Bush responded by meeting congressional Republican leaders to discuss a "growth package" of tax cuts designed to stimulate the economy.

Mr Michael Boskin, his chief economist, said that yesterday's data were consistent with his forecast of 2-3 per cent growth but warned that the Federal Reserve might need to cut interest rates again.

Bond prices fell sharply on Wall Street after news of a 0.4 per cent jump in consumer prices last month, the biggest rise since January and double market expectations. The rise dashed hopes of an imminent easing of monetary policy.

Figures for production and trade, however, signalled fresh economic weakness. The Commerce Department said industrial production rose by only 0.1 per cent last month and revised down its estimate for growth in August from 0.3 per cent to zero.

The merchandise trade deficit rose sharply to $6.8bn in August compared with forecasts of about $5bn and a revised shortfall of $5.9bn in July. The deterioration reflected a 3 per cent decline in exports not a rise in imports, which fell by 0.6 per cent.

In a briefing, Mr Boskin said that if the money supply did not move into its target range, the Federal Reserve would have to consider further action on interest rates.

The Republican growth package is expected to include cuts in capital gains taxes, measures to stimulate personal pension savings and a variety of minor tax incentives. A 10-week extension of unemployment benefits is under review.

Most analysts expect gross national product to rise in the third quarter of this year, perhaps by 2-3 per cent at an annual rate. The GNP figures, to be released later this month, are expected to show an increase mainly because companies have stopped liquidating inventories, thus removing a serious drag on output.

But yesterday's data on industrial production and exports – the main motors of recovery during the spring and early summer – were seen as raising doubts about whether growth can be sustained in the final quarter of this year.

The jump in consumer prices, twice the trend in recent months, mainly reflected large increases in the cost of energy and shelter. Some analysts sought to downplay the importance of one month's figures, arguing that housing prices were distorted. They said the outlook was still for a steady moderation of inflation. The year-on-year inflation figure fell to 3.4 per cent last month.

But others focused on the "core" consumer price index – which excludes food and energy. This has risen by 0.4 per cent each month since June, suggesting that the underlying rate of inflation may not have fallen much below 5 per cent, despite the recession.

The flat industrial production figures masked big sectoral differences. Strength in durable goods mainly reflected an 8 per cent surge in car production, which more than reversed a sharp decline in August. However, the surge is not seen as sustainable.

Manufacturing growth appears to be on a declining trend. Excluding cars, output rose 0.6 per cent, 0.3 per cent and 0.1 per cent respectively in July, August and September.

The second successive monthly increase in the trade deficit indicated that the shortfall of $3.8bn in June may have marked the low point of this economic cycle.

Exports have shown no growth since February but are still running about 6 per cent higher than last year. A deficit of $60bn-$70bn is expected for the whole year, compared with $102bn last year.

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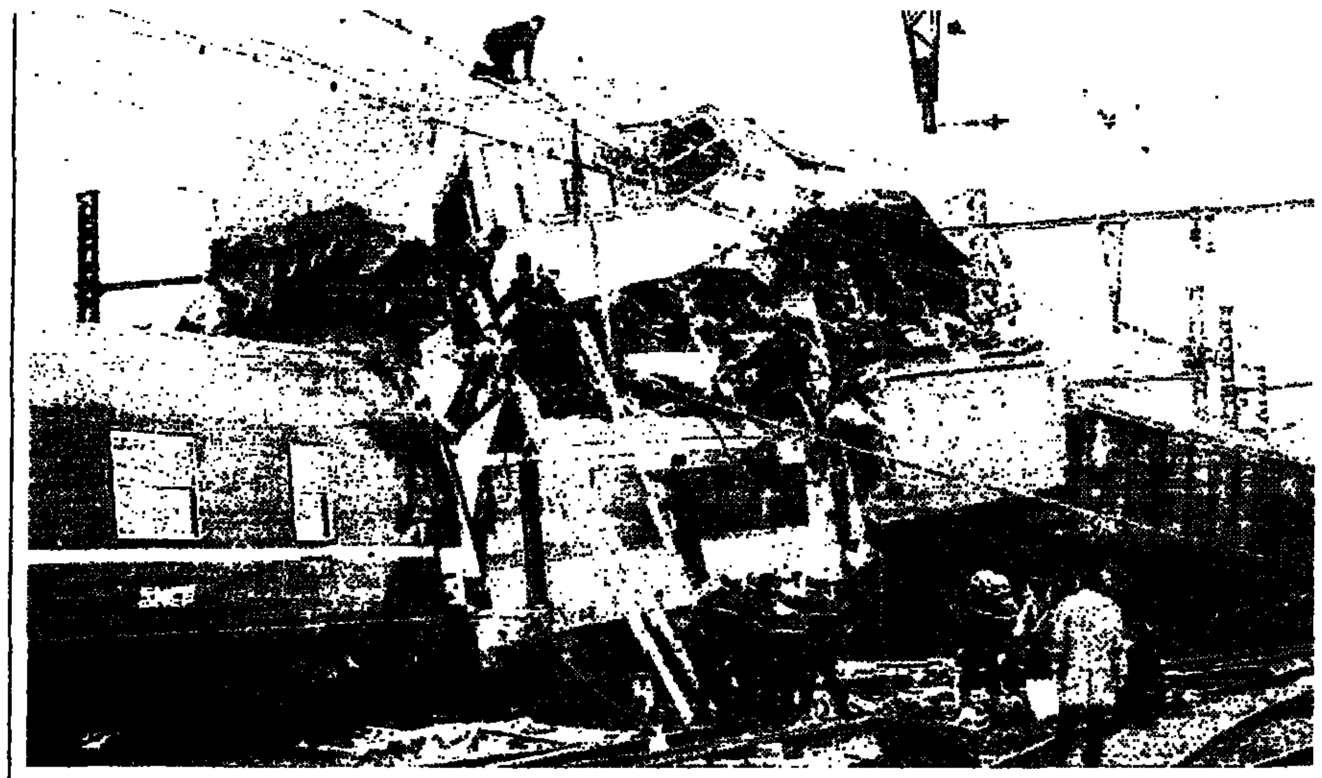
World stocks ....Page 50



Rescue workers search through the wreckage of the train crash at Melun, south of Paris, yesterday in which 16 people were killed and 62 injured when the Nice-Paris sleeper express carrying 100 people collided head-on with a goods train. Officials said investigations had shown that the goods train went through a red stop signal.

Sony warns of 30% cut in spending next year

By Steven Butler and Emiko Terazono in Tokyo

SONY, the Japanese consumer electronics company, warned yesterday that it might cut up to Y135bn ($1bn), or 30 per cent, from next year's capital spending budget, in response to sluggish sales and difficult financial conditions in the home market.

If Sony makes the cuts, as expected, it would join a growing list of leading Japanese companies, such as Nikon and Hitachi, forced to reduce spending plans.

Other companies, in a broad range of industries, are expected to follow, ending years of growth. During this time Japanese access to low-cost capital fuelled an investment boom that made manufacturers more competitive internationally. It also helped to give access to billions of dollars used for large overseas acquisitions, such as Sony's $3.4bn purchase of Columbia Pictures in the US two years ago.

The revised spending plans have prompted growing concern among government and industry leaders that Japan may face a sharper economic slowdown than is forecast.

The cuts will not immediately effect the competitiveness of Japanese companies but will erode the aura of invincibility that has surrounded Japanese industry.

Sony said it was considering cutting capital spending next financial year by 20 per cent to 30 per cent, against spending of Y450bn in the year to the end of March 1992. It had not decided where cuts would be made but its overseas operations *would be unaffected*.

Sony was prompted to look at its spending plans because:

- The slowdown in the economy and the maturity of the Japanese market for audio and video equipment has led to sluggish demand.
- The steadily rising value of the yen has bitten into Sony's overseas sales – 83.7 per cent of last year's total.
- High Japanese interest rates have raised the cost of capital to a point where Japanese funding costs are similar to those elsewhere.

Sony plans to delay, rather than cancel, projects.

Baring in talks to buy Dillon Read stake

By Alan Friedman in New York and Robert Peston in London

BARING BROTHERS, the London merchant bank, is discussing the possible acquisition of a large shareholding in Dillon Read, the New York investment bank owned by Travelers, the troubled US insurer.

If the talks succeeded, Baring might take a 40 per cent stake in Dillon Read, with Travelers retaining 40 per cent and the management of Dillon Read buying the remaining 20 per cent, according to an executive close to the discussions.

Dillon Read, a prestige Wall Street name formerly headed by Mr Nicholas Brady, the US Treasury secretary, was bought by Travelers in 1986 for $157.5m. It is one of the few New York investment banks to have emerged largely unscathed from the turmoil of the 1980s.

Travelers and Dillon Read declined to comment yesterday. It has been learnt, however, that Mr John Berkelund, chairman of Dillon Read, has held talks with a variety of prospective partners recently. He was thought to be in London yesterday for meetings with partners from Baring.

Thatcher's 'heartbreak'

Mrs Margaret Thatcher (left) said yesterday she was "heartbroken" at the news that TV-am, Britain's national breakfast television company, had fallen victim to the system of competitive tenders she originated as prime minister.

Four commercial television companies learned on Wednesday that they would lose their broadcast licences in 1993.

Mrs Thatcher's surprise intervention came in a handwritten letter to Mr Bruce Gyngell, TV-am's chief executive, as the controversy over the auction intensified.

TVS Entertainment, which lost the franchise for the south of England, said it was having urgent talks with its banks over the conditions of a $95m loan with Chemical Bank in Los Angeles.

Full Story, Page 10

Lasmo makes £1.16bn bid for UK oil rival Ultramar

By Deborah Hargreaves in London

A BATTLE loomed in the North Sea yesterday as Lasmo, the British independent oil exploration and production company, launched a hostile £1.16bn ($1.98bn) bid for Ultramar, the struggling diversified UK-based oil group with interests in North America.

A successful bid would create one of the world's top independent oil explorers.

Oil companies seeking a strategic foothold in the North Sea, such as France's Total, could emerge as rival bidders with cash to top Lasmo's all-share offer. British Gas is also mooted to have an interest in Ultramar's lucrative gas assets in the UK and Indonesia.

Lasmo is interested in Ultramar's diverse range of exploration potential, which it says the company has failed to exploit. It plans to sell Ultramar's North American refining assets in a move that could raise more than £1bn.

Mr Chris Greentree, Lasmo chief executive, said he was confident of selling two refineries in California and Canada and Ultramar's small number of ships early next year.

British Petroleum has been cited as a possible buyer for at least one, if not both, refineries. BP is believed to have held discussions with Lasmo about the sale last year before Lasmo had decided to bid.

Lasmo has seized the opportunity to bid for the company as Ultramar's share price languished at a two-year low and it lost the confidence of many of its shareholders.

The one-for-one share offer values Ultramar at 315p a share which is lower than the value put by analysts on the company's broad sweep of assets. Many in the City judge Ultramar's net asset value closer to 400p-450p a share.

The London stock market was clearly expecting Lasmo to raise its offer or to force a counter-bid when it pushed Ultramar's shares 10 per cent above the offer price yesterday to 347p a share – an increase of 70p. Lasmo's shares slipped 3p to 312p a share.

Ultramar described the bid as unsolicited and "most unwelcome". But it enjoys little support from institutional investors – 40 per cent of whom also hold Lasmo shares – and its share price has underperformed the market by 30 per cent this year.

Shareholders have become disenchanted with the level of share option schemes, pension payments and salary increases awarded to senior management at a time when the company suffered from falling oil prices. Ultramar made a loss of £21.6m in the first half of 1991 as a result of heavy stock losses.

Ultramar's mix of assets do not sit comfortably together and give few economies of scale associated with an integrated company. Lasmo says it will step up exploration on Ultramar's vast acreage and to boost output of liquefied natural gas in Indonesia.

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A slick move, Page 25

Weekend FT

Tomorrow: Will the City ever learn to love Labour?

●

Eight-page Travel section: the best of Japan, Turkey, skiing and sailing

CONTENTS

Bush's choice to head CIA faces first confirmation vote

Robert Gates faces his first confirmation vote to head the US's Central Intelligence Agency. His nomination by George Bush has proved to be only one of a series of controversial choices

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MARKETS

STERLING
New York close:
$1.719 (1.708)
London:
$1.7105 (1.711)
DM2.9125 (same)
FFr9.925 (9.92)
SFr2.545 (same)
Y222.0 (222.5)
£ Index 90.3 (90.2)

GOLD
New York: Comex Dec
$362.3 (360.4)
London:
$358.5 (357.27)

N SEA OIL (Argus)
Brent 15-day Dec
$22.35 (+0.3)

Chief price changes yesterday: Page 25

DOLLAR
New York close:
DM1.6958 (1.7057)
FFr5.778 (5.813)
SFr1.4805 (1.4905)
Y129.38 (130.10)
London:
DM1.7035 (1.702)
FFr5.8025 (5.7975)
SFr1.4885 (1.4875)
Y129.80 (130.05)
$ Index 64.7 (64.9)
Tokyo close: Y129.53

US CLOSING RATES
Fed Funds $5\frac{1}{16}$% (6%)
3-mo Treasury Bills:
yield: 5.2% (5.082%)
Long Bond:
$101\frac{5}{32}$ ($102\frac{23}{32}$)
yield: 8.02% (7.880%)

STOCK INDICES
FT-SE 100:
2,588.7 (+9.7)
FT Ordinary:
1,986.8 (+6.3)
FT-A All-Share:
1,248.19 (+0.4%)
FT-A World Index:
147.26 (+0.2)
New York close:
DJ Ind. Av.
3,053.00 (-8.72)
S&P Comp
391.92 (-0.88)
Tokyo: Nikkei
24,439.85 (+105.18)

LONDON MONEY
3-month interbank:
closing $10\frac{13}{32}$% ($10\frac{7}{16}$%)
Liffe long gilt future:
Dec$94\frac{17}{32}$ ($94\frac{23}{32}$)

Bombs mar opening of Spanish rail link

By Tom Burns in Madrid

THE OFFICIAL inauguration of the railway tracks built for Spain's high-speed link between Madrid and Barcelona was marred yesterday by a series of explosions claimed by the far left terrorist group, Grapo.

Two bombs exploded on the high-speed tracks and a third was detonated by police acting on a tip-off from Grapo.

The attacks caused minor damage but succeeded in halting the first run along the $4bn prestige line by Mr Jose Borrell, minister of public works, and top executives of Renfe, the national railways.

The line, which will cut the Madrid-Seville journey by half to around three hours, is scheduled to go into public service in April in time for Seville's Expo '92 Universal Exposition.

Mr Borrell, who spent most of yesterday aboard the train waiting for the track to be repaired, said Renfe would be increasing security along the 471km high-speed link.

Meanwhile, an army lieutenant was killed and four people were severely injured in Madrid in three separate car bomb incidents bearing the hallmarks of Eta, the Basque separatist organisation.

Andriessen spells out implications of bigger EC

By David Buchan in Brussels

THE European Community will have to allow its members greater flexibility in internal policy as it expands to take in new member countries, according to Mr Frans Andriessen, the external affairs commissioner.

In contrast to external relations where the Community's credibility as an actor in world politics requires it to speak with one voice, internal policy would have to be adjusted to take account of the problems of potential new members from central Europe, Mr Andriessen argues in a speech he is due to give today to Utrecht university.

He contends that "a member state's need to catch up economically does not prevent it from accepting binding commitments in the field of security or defence". France and Germany this week called for common EC defence forces.

Meanwhile, EC Commission officials yesterday expressed disquiet at a partial economic and monetary union (Emu) draft circulated by the Dutch presidency. This would give countries the right to decide, within six months of a final Emu decision being taken in the later 1990s, whether they wanted to join the single currency. The Commission favours such an opt-in clause for the UK, but fears that if it is written in general terms other countries might exploit it.

Armenian election

Armenia's pro-independence leader Mr Levon Ter-Petrosian was last night heading for victory in the republic's first presidential election. Reuter reports from Yerevan.

ABB makes offer to convert Chernobyl-style nuclear plants

By Chrystia Freeland in Kiev and Andrew Baxter in London

ASEA Brown Boveri, the Swiss-Swedish engineering group, has offered the Ukrainian government a system of converting nuclear reactors to conventional fuels as part of a plan to establish a wide range of power-related joint ventures.

In the wake of last Friday's fire at Chernobyl which inspired fresh fears about the safety of Ukrainian atomic power plants, Dr Eberhard von Koerber, ABB's executive vice-president, met senior Ukrainian officials this week with a proposal to replace nuclear reactors with a combined cycle plant powered by natural gas or coal.

Combined cycle plants use the exhaust gases from a combustion turbine to power a second steam turbine, raising efficiency and reducing emissions.

The fire at the Chernobyl atomic reactor, although it does not seem to have resulted in emissions, has provoked new demands for the closure of Ukrainian nuclear plants. Chernobyl is not due to be shut down until 1995.

Last week the energy minister, Mr Vitali Skliarov, said that in order to survive a predicted rise in Russian oil prices the republic might even be forced to open new nuclear plants.

ABB stressed it had no firm agreement on nuclear conversion contracts. It is, however, in a strong position to offer such technology, having last year completed the conversion of a nuclear plant at Midland, Michigan, to combined cycle. Unlike Chernobyl, this plant was never used as a nuclear station.

ABB hopes to establish a wide range of joint ventures in the Ukraine in the areas of power efficiency and safety, power transmission and technology, and a refitting of nuclear power plants.

The Ukrainian energy sector is enormous, but crippled by the dependency on nuclear power and heavily subsidised Russian oil. In 1991 the republic is expected to export 16 billion KWH of electricity to eastern Europe and it is an important producer of coal. One quarter of the electricity is produced by nuclear power stations. Mr Skliarov has announced that the republic intends to radically privatise the energy sector.

In an effort to take control of its hard currency earnings and to create a cushion against a cut in imports of Russian oil the Ukraine has slashed its energy exports and is renegotiating its foreign contracts.

ABB's refitting scheme is attractive to the Ukraine because it is geared to natural gas and coal, which are both found on Ukrainian territory.

Bonn warning on political union treaty

By Quentin Peel in Bonn

A GERMAN government minister yesterday stepped up pressure for a far-reaching treaty on European political union by openly threatening to withhold Germany's signature if the document is not radical enough.

The warning was given by Mrs Ursula Seiler-Albring, the junior foreign minister responsible for the European Community.

It follows clear threats from the European Community committee in the German Bundestag that it will link agreement on European monetary union (Emu) to adequate progress on political union.

Mrs Seiler-Albring issued her warning in an interview with the BBC. She called specifically for "substantial steps forward on strengthening the European Parliament and definition of a common foreign and security policy", as preconditions for German agreement on the two treaties at the Maastricht summit in December.

The parliament must have the power to ratify laws and treaties, she said. But Mrs Seiler-Albring omitted the words "co-decision making", which is what the German government has been pressing for hitherto.

She said Bonn was giving up a lot of sovereignty in a crucial area by agreeing that the D-Mark will eventually be replaced by a European currency. It was essential in exchange to negotiate a meaningful package on political union.

Foreign ministry officials said her remarks, which caused a stir in Brussels, merely repeated Bonn's long-stated position that progress had to be made on political as well as economic union.

However, there has been growing irritation in Bonn at what is seen as British foot-dragging in the political union negotiations after substantial efforts had been made to accommodate the British government in the monetary talks.

"The problem of the Community is Britain. It is not Germany," a senior Foreign Ministry official said in Bonn this week. "We are on our way to solve the British problem in the new negotiations by giving a covered up two-speed Europe as a way out on monetary union. We cannot imitate the exceptional deal for Britain on Emu in the field of political union."

Chancellor Helmut Kohl has always insisted on linkage between progress on political union and progress on Emu. "Now we are threatened with a linkage that is so weak that the thing will not fly in domestic German politics," the Foreign Ministry official said.

Last night Mrs Renate Hellwig, chairman of the EC committee in the Bundestag, said she expected the German government to reject any deal which failed to meet her committee's demands. "We do not expect to have to reject it ourselves," she said.

Her committee is particularly insistent on a power of co-decision in new policy fields for the European Parliament and on the bolstering of foreign and security co-ordination within the Community.

Plainclothes police with pistols drawn arrest a woman and her accomplices in a police operation in Kiev, Ukraine, yesterday. Police said she was part of a gang that attempted to extort money from the German-Soviet joint venture company Robotec

Turkey braced for election violence

By John Murray Brown in Ankara

A MEMBER of Turkey's governing Motherland party was wounded yesterday in the first attack on a candidate in Sunday's general election.

Motherland offices in Istanbul and Ankara have been bombed this week but none of the 5,000 candidates had been attacked until now. Istanbul security officials say they expect a surge in violence as Sunday approaches.

The electorate has six parties to choose from, none apparently capable of winning an outright majority in the 450-seat national legislature. Any one of the three main parties – the Motherland party Anap, the True Path party, DYP, or the Social Democrat SHP – could emerge strong enough to form a coalition.

Polls suggest Mr Suleyman Demirel's True Path will win the lion's share of the votes. The three smaller radical parties – Islamic Welfare, the Democratic Socialists of Mr Bulent Ecevit, and the Socialists – all hope to play the role of king-maker in a hung parliament.

The result is expected to turn on key urban constituencies, particularly Istanbul, which alone accounts for 50 seats. In 1989, the Anap government was trounced in municipal elections but has since made life difficult for opposition mayors by limiting their spending.

Turkey in Efta deal, Page 9

New missile problem looms for Nato

By David White in Taormina

NATO IS extricating itself from an internal dilemma by seizing the opportunity for drastic cuts in European-based nuclear stockpiles. It is left facing another dilemma which it is not yet ready to address: the issue of whether and where new air-to-surface nuclear missiles should be deployed early next century.

The scope and timing of President George Bush's disarmament package three weeks ago, including unilateral removal of most tactical nuclear weapons, gets Nato off a hook by avoiding the question of negotiating these arms with Moscow.

Under pressure from other allies – especially Germany, where most of Nato's battlefield nuclear arms are based – the US and Britain reluctantly agreed in 1989 to the principle of negotiated reductions in US and Soviet short-range nuclear forces.

Talks should have been under way by the end of this year. The US and Britain remained unenthusiastic, however, arguing that a formal treaty would be nearly impossible to verify, and fearing that Moscow would try to bring other nuclear arms into the talks.

A renewed quarrel with Germany has now been circumvented through the US pledge, echoed by Moscow, to destroy nuclear shells and short-range missiles worldwide.

The decision to formally approve last month's US decision to scrap all battlefield nuclear weapons, complemented by a 50 per cent cut in Nato's nuclear gravity bombs, has come unexpectedly quickly. The official reason, given by allied officials, is concern about the security and control of Moscow's much larger holdings of tactical nuclear weapons, estimated at 12,000-15,000.

But there was another good cause for urgency: the imminence of Nato's strategy review summit in November, at which the battlefield nuclear issue was a potential stumbling-block.

A further source of Nato embarrassment has been overcome by the US decision to remove tactical weapons from ships and submarines, followed by a similar gesture by Britain. Nato's policy of not declaring the presence or otherwise of nuclear weapons on visiting warships has caused problems from Denmark to New Zealand.

The looming new argument is about tactical air-to-surface missiles. Replacing the 700-800 US and British gravity bombs that will be left after this round of cuts, these would be the last non-strategic nuclear weapons deployed with Nato forces in Europe. For the US, if European countries accepted hosting these weapons it would be an important signal of Europe's willingness to participate in nuclear deterrence.

But none of the continental countries in Nato's military organisation has expressed a readiness to receive the weapons. Nato is deliberately not trying to press for a decision on deployments, and it is questionable whether the missiles will ever be introduced.

Land-based weapons with ranges of less than 500km have been on the arms-control agenda ever since the 1987 Intermediate Nuclear Forces treaty to scrap US and Soviet medium-range missiles in Europe. That treaty, which covered weapons in the 500km-5,000km range, removed the next link in Nato's chain of escalation options. It was the beginning of the end for the "flexible response" strategy which had served Nato since the 1960s.

French central bank cuts interest rates

By William Dawkins in Paris

THE Bank of France yesterday cut its money market rates by a quarter of a percentage point, a long expected response to growing domestic demands for a fresh stimulus to the flagging economy.

This is the first rate cut since March and brings the central bank's intervention rate to 8.75 per cent and the repurchase rate to 9.75 per cent. The bank said it chose this moment to move because of recent reductions in the growth of money supply and in the inflation rate, down to an annualised 2.6 per cent last month.

The rate reduction would have little practical impact on French economic activity because the commercial banks had anticipated the move in recent weeks and have already cut their own rates, said Mr Eric Taze-Bernard, economist at Banque Indosuez.

The rate cut could relieve the pressure from some members of the ruling Socialist party on Mr Pierre Bérégovoy, the finance minister, to ease his rigorous economic policies. Mr Bérégovoy has responded to critics by vowing he will never allow the franc to devalue and that he will continue his policy of competitive disinflation.

At the same time, Mr Bérégovoy has been saying since July that there is room for a rate cut, a delay which indicates that the cautious central bank has been holding off the move.

The central bank's room for manoeuvre was limited by the fact that the franc had for several months been at the bottom of its permitted range in the European exchange rate mechanism. Yesterday's cut leaves France as the only European country with lower official rates than Germany.

EC safety moves on the drug Halcion

By Andrew Hill in Brussels and Paul Abrahams in London

THE sleeping pill Halcion should be sold in smaller packs with stricter safety warnings, the European Commission and EC member states have recommended. However, a decision on whether the drug should be withdrawn across the EC was put off until December.

Halcion, the world's most widely prescribed sleeping pill, was withdrawn from sale in Britain on October 2 after it was banned by the UK department of health, which claims the drug is associated with a much higher frequency of side effects than other sleeping medications.

Upjohn, the Michigan-based pharmaceuticals company which makes Halcion, is appealing against the British decision. The group said yesterday the British action, followed by similar bans in Norway and Finland, had been "precipitous". An appeal is scheduled for December 12, according to the company.

The EC proprietary medicines committee asked for more information before reaching a final opinion in December. Upjohn, which gave evidence, has agreed to start a European "safety and efficacy" study involving more than 1,000 patients.

Meanwhile, the committee has suggested that Halcion and its generic unbranded equivalent triazolam should be prescribed only for "severe" sleeping disorders, that it should not be used for more than two to three weeks, and that the dose should not exceed 0.25mg for adults and 0.125mg for elderly patients. It also advised that patients with psychiatric disorders should not be prescribed the drug.

The statement added that small pack sizes – with not more than seven tablets – should be made available immediately, to underline that the product was for short-term use. Changes in labelling were also recommended. Although UK representatives were at the meeting, they did not back the committee's statement, to avoid prejudicing the appeal in the UK.

The committee's recommendations are not legally binding, but a Commission spokesman said they are usually heeded by prescribers of drugs such as doctors and pharmacists.

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Lisbon to push EC role in foreign policy

By David Gardner and Patrick Blum in Lisbon

PORTUGAL will press for a significant expansion of joint foreign policy-making capacity by the European Community when it takes over the rotating, six-month presidency of the EC from next January.

As a transition towards the common foreign and security policy now being hotly debated in the political union negotiations to revise the Treaty of Rome, Lisbon advocates a much bigger and more closely integrated foreign policy secretariat in Brussels.

The existing secretariat, an adjunct to EC business known as European Political Co-Operation (EPC), now has a full-time secretary-general appointed by the Twelve, and a rotating staff of five diplomats from the current EC presidency and the two preceding and two succeeding ones.

Portugal would seek to build it up to a complement of about 150, half of them senior EC diplomats, by the time the new treaty is ratified, according to Mr Joao de Deus Pinheiro, the country's foreign minister.

The current flow of information between the Twelve's foreign ministries is not up to the daily increasing demands on the EC to act jointly in the world, Mr Pinheiro argued in an interview. "We need more sharing of information, of a higher quality for the Twelve as a whole," he said. "We need more added value for common action, otherwise an enlarged EPC [Secretariat] would be just like having a 13th country round the table."

The object would be to "exploit each country's strengths and plusses, like a football team: you can't have [Paul] Gascoigne playing at fullback," Mr Pinheiro said.

Under existing arrangements, the tiny EPC bureau in Brussels has been overwhelmed all year by crises ranging from the Gulf war to the Soviet coup and Yugoslavia.

The secretariat operates separately from the European Commission, which runs the Community's trade and external aid policy. The holders of the presidency – Luxembourg and the Netherlands this year – have had to devote a high proportion of their own diplomatic resources to the embryonic common policy, while contending simultaneously with the treaty negotiations and the battle for position of the bigger countries.

Precisely because Portugal has been on the margin of most of these disputes, Mr Pinheiro believes "it might be easier for a smaller country to come up with such a proposal".

Like the UK, atlanticist Portugal is against bringing foreign policy and defence into normal Community business covered by the Rome Treaty. It wants future defence arrangements to be complementary to Nato.

Switzerland postpones the day of reckoning

The election campaign has shirked the main issue, the future relationship with the EC, writes William Dullforce in Geneva

THE day of reckoning for the Swiss political establishment will come after, not at, this weekend's elections for a new federal parliament.

After a highly deceptive campaign, the Swiss are set to return to power the four parties – Radical, Christian Democrat, People's Party and Social Democrat – that have governed the confederation in coalition since 1959.

The campaign has been deceptive because most candidates have shirked confrontation with an issue that will dominate the deliberations of the next parliament: Switzerland's future relationship with the European Community.

In a nation that functions politically by consensus, there is no consensus over relations with the EC and none of the big political parties has yet dared to give a clear lead.

Candidates from the conservative Radicals and the Christian Democrats have reflected the divisions within their own parties. The Social Democrat leaders favour joining the EC but have to mollify the environmentalists in their ranks who have doubts. The platform of the People's Party, which had agrarian and artisan origins but now has strong white-collar support, is anti-EC; yet Mr Adolf Oggi, its representative on the seven-man federal council (government), does not hide his pro-EC sympathies. There is no coherence among several small opposition parties: the Liberals are strongly for EC membership, the Greens are against.

Switzerland's federal parliament operates to a fixed four-year mandate and the timing of the election has been unfortunate. Monday, the day after, is the deadline for an agreement between the 12 EC member states and the six nations of the European Free Trade Association (Efta), which includes Switzerland, on the creation of a common economic zone.

Almost certainly the terms of the European economic area (EEA) will be difficult for a majority of Swiss to swallow. Mr Oggi, the transport minister, has had to negotiate a still secret compromise over the transit through Switzerland of heavy Community lorries. The question of whether the confederation should sign an EEA treaty will have to be put to a referendum and will provide the catalyst for a national debate.

If that debate gets under way before the formation of the new government in December, the four-party coalition may break apart. Even if it holds and the parties stick to the "magic formula" of 2-2-2-1 under which they have shared the seats on the federal council for the past 40 years, they may abandon the tradition by which councillors from the previous administration who want to stay in office are re-elected.

The Swiss know that an EEA will be only an antechamber, providing a few years' relief before they have to consider full membership of the Community. Other Efta countries, Austria and Sweden, have applied, while Finland and Norway are poised to do so.

Economic interest may demand that Switzerland follow suit but the EC's political and decision-making mechanisms are incompatible with the system of Swiss direct democracy, whose mythical origins have been the centrepiece of this year's celebrations of the confederation's 700th anniversary. The Swiss are in a dilemma.

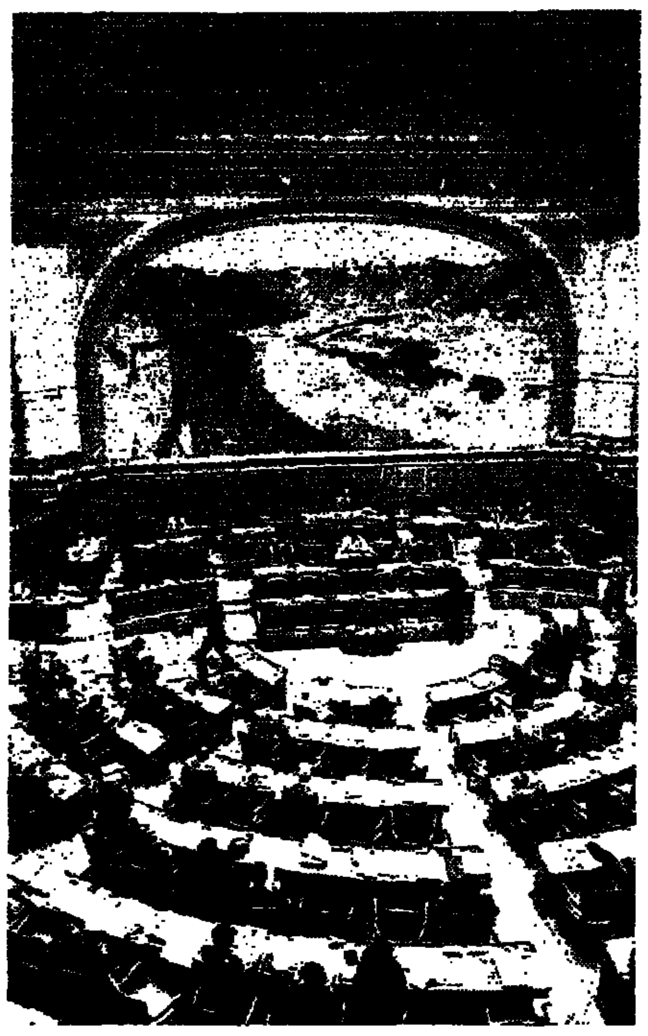
These circumstances help to explain why, almost in complicity with the electorate, candidates of all parties have taken an uninspiring wait-and-see attitude to the most burning political question confronting the confederation.

The economic situation and the flood of refugees seeking asylum in Switzerland are issues that have surfaced frequently at campaign meetings. Voters have shown concern about the unusually rapid growth in consumer prices during the past two years, the surge in house rents and the swiftly rising cost of health care and insurance. A series of arson attacks on houses sheltering immigrants during the past few months has illustrated the tension over refugees; this is particularly strong in some German-speaking areas. On both these issues, however, it has been difficult for voters to distinguish clear-cut differences in the parties' attitudes.

Only 46.5 per cent of the electorate voted in the last general election. A large turnout on Sunday could upset current predictions but is unlikely.

At present, the coalition parties fill 159 of the 200 seats in the lower chamber and 42 of the 46 in the upper chamber. In the lower chamber, the Radicals lead with 51 members, the Christian Democrats have 42, the Social Democrats 41 and the People's Party 25.

Pollsters forecast small gains by the People's Party and possibly by the Social Democrats, while the Radicals may lose some seats. None of the polls suggests that the bunch of opposition groups, including the Greens, can make serious inroads into the coalition's crushing superiority.



Tony Andrews

Few changes are expected in the Berne parliament's make-up as a result of next weekend's vote

Prague to ease path to private sector

By Ariane Genillard in Prague

THE CZECHOSLOVAK federal government is to create a recapitalisation fund, which will allow commercial banks to swap debt for equity in the companies being privatised across the country.

Convertible bonds worth Kcs50bn (£1bn) will be issued to the commercial banks by three National Property Funds, which were set up for the privatisation process. The bonds will be convertible into the shares of the companies, the loans of which the banks will be cancelling.

The funds were set up this summer by the government to collect the proceeds of privatisation. The government hopes to raise about Kcs50bn from the direct sale of small enterprises.

Since the beginning of the year, about 10 per cent of all small companies have been sold to the public, generating revenues worth about Kcs10bn.

As much as a quarter of all commercial loans outstanding are in default, with a value thought to range between Kcs100bn and Kcs200bn, according to Mr Jan Vit, director of the Czechoslovak State Bank.

Many companies, forced under the old regime to accumulate debts, may become economically viable if part of their liabilities are cancelled. Under the government's plan, it will be up to the banks to decide which companies should be recapitalised.

Beer Lovers' Party adds froth and sober thoughts to Polish politics

By Christopher Bobinski in Warsaw

WHEN Mr Janusz Rewinski, a popular comedian, founded his Polish Beer Lovers' Party earlier this year as the country's one hundred and somethingth political group, he did it part in jest and part in protest at fragmentation of the political scene.

But as parliamentary elections on October 27 loomed, he found support mounting and looked around for economic ideas to present to the electorate as well as just froth.

This was when he asked a group of wealthy businessmen if they wouldn't like to help and run for seats on the party's ticket.

They agreed. With support for the party running at 4-8 per cent in opinion polls, and given Poland's proportional election system, some serious professionals could find their way into the 460-seat parliamentary lower chamber as a result.

Mr Andrzej Czernecki, originally an atomic physicist and now owner and managing director of HTL, a producer of advanced medical instruments, is a typical example.

Poland's recession has hit him hard. He set up his company in 1981 and by the end of the decade had 700 employees and was exporting to 32 countries, with 60 per cent of sales to Comecon countries.

He says his ambition was to prove that a western-style company could be set up in the conditions of the time. It appears he succeeded.

But his Comecon market segment disappeared this year with the switch to hard currency prices and he accuses the government of ineptitude for failing to re-establish trading links with the Soviet Union.

At home, sales have dipped along with cuts in the health service budget, and a stable exchange rate for 16 months after January 1990, despite rising inflation, reduced profits on exports to the west.

Like his colleagues, he has cut back jobs. He now has 300 employees and will have sacked another 100 by next year. Sales worth US$18m (£10.5m) last year will fall to $5m this year.

"If I'd turned to importing consumer goods at the beginning of 1990, I'd have made a fortune, but I believe there should be some manufacturing as well," he says.

He accepted Mr Rewinski's offer as he was fed up with other parties coming to him for donations and then having nothing to do with him. "They even ask us for advice but don't take it when its given," he said, sitting in his neat western-furnished office. "We are a group of businessmen who want to get into parliament to be able to influence legislation and policy directly."

Mr Czernecki says Poland needs to decide economic priorities – whether to develop heavy industry or agribusiness, for example – and then stick to them. He also wants stable tax arrangements.

His group sees housebuilding as the locomotive which could turn the recession and soak up some of the unemployed.

But the party's programme is vague and Mr Czernecki readily admits he does not know all the answers.

Nor is he convinced about his chances. He fears that some of the more anarchic supporters of the Beer Lovers' Party may not turn out to vote on the day. They are that kind of people, he says.

Moscow and US join to pressure Israel

By Hugh Carnegy in Jerusalem

THE US and the Soviet Union yesterday launched an unprecedented joint effort to overcome the last obstacles to a Middle East peace conference, with both Mr James Baker, the US secretary of state, and Mr Boris Pankin, the Soviet foreign minister, pressing Israeli leaders to accept terms for negotiations.

The two men converged on Jerusalem aiming to bridge the remaining gaps between the Israeli government and the Palestinians which must be resolved over the next few days if the target date for a conference at the end of this month is to be met.

Mr Baker spent much of the day in talks with Mr Yitzhak Shamir, the Israeli prime minister, and his senior ministers. Reports from Tunis that the Palestine Liberation Organisation's central council was likely to give the go-ahead for a conference and approve a Palestinian delegation designed to avoid arousing Israeli objections appeared to ease his task.

But Israeli officials made clear they had yet to be satisfied that their insistence on excluding the PLO and any Palestinians from Jerusalem from the process was being heeded. Press reports from Tunis named a PLO-approved list of 10 delegates from the occupied West Bank and Gaza Strip that did not include any Jerusalem residents, which would be part of a joint Jordanian/Palestinian delegation. But Mr Baker had not by last night presented any names to Mr Shamir, as he has sought.

Mr Shamir was also seeking a range of US assurances on negotiating terms designed to bolster Israel's refusal to accept that the main focus of the talks will be to secure Israeli withdrawal from the West Bank and Gaza, the Golan and East Jerusalem.

Late in the afternoon, Mr David Levy, the Israeli foreign minister, left the meeting with Mr Baker to open talks with Mr Pankin. Israel was hoping the Soviet minister would announce the restoration of full diplomatic ties, severed by Moscow in 1967, but Mr Pankin was clearly saving any announcement until Israel's final commitment to a peace conference was achieved.

"We stand ready to do our best to remove the barriers that stood in the way of normal civilised relations between our nations and to bring our relations for a level consistent with the interests of our nations and the interests of peace in the region and elsewhere," Mr Pankin said.

He is due to meet Mr Shamir this morning. He will also meet Mr Baker, and both men were meeting separately with Palestinian negotiators.

● Syria said yesterday its caution over discussing arms control, water rights and similar secondary issues with Israel was intended to prevent the Arabs being cheated at a peace conference, Reuter reports.

US plans for the conference call for Israel to tackle the fundamentals, peace and land, in country-by-country negotiations and discuss secondary issues in multilateral talks.

Baker (left) and Shamir: their apparent good spirits hides problems still unsolved

Mideast conference terrorism alert

By Victor Mallet and Mark Nicholson

WESTERN governments and moderate Arab states are bracing themselves for possible terrorist attacks amid increasingly vociferous denunciations of the proposed Arab-Israeli peace conference by extremist groups.

Palestinian representatives who accept the notion of compromising with Israel are likely to be among the principal targets of any attacks.

Radical Palestinian groups – backed by Iraq, Iran, Syria and Libya – refuse to recognise Israel as a legitimate state and have resorted to violence in the past to press their claims.

"You can reckon on some of these groups trying to make their point in their traditional way," said Mr Paul Wilkinson, professor of international relations at St Andrews' University and an expert on terrorism.

Mr James Baker, the US Secretary of State, warned on October 11, the eve of his latest trip to the region, that "rejectionists and extremists" would try to sabotage the proposed Middle East conference.

Mr Baker's warning – which he said was based on "highly classified information" – was preceded by a week of actions by Israeli and Palestinian extremist groups, culminating in a Palestinian driving a stolen van into a group of Israeli soldiers near Tel Aviv on October 11. Two were killed and 11 injured.

Ayatollah Ali Khamenei, Iran's spiritual leader, yesterday denounced the conference and urged Moslems to participate in a *jihad*, or holy war.

Iran is hosting a meeting of rejectionists this weekend to support Palestinians fighting against Israel. Two weeks ago Ayatollah Abdul-Karim Ardebili urged Moslems to kill Americans and attack US interests.

In Egypt yesterday the Moslem Brotherhood, the region's leading Islamic fundamentalist organisation, also called for a holy war to oppose the conference and capture Jerusalem for Islam.

"It is a conference for the sale of Palestine," the Brotherhood said in a statement. "Oh Moslems, rise as one and reject the plot against the holy sites... Unite under the banner of *jihad* for God and the defence of (Jerusalem's) al-Aqsa mosque and its liberation."

The last time that western intelligence agencies increased their vigilance over Middle Eastern terrorism was during the Gulf crisis, when the Iraqi government threatened to unleash terrorism against members of the multinational alliance.

Tokyo shrugs off US criticism of financial reforms

By Robert Thomson in Tokyo

THE US yesterday yesterday expressed strong displeasure with the pace of Japan's financial reforms, while Japanese officials shrugged off the criticism saying they would continue with "steady" change regardless of punitive legislation soon to be considered by US Congress.

Mr David Mulford, US Treasury undersecretary for international affairs, said the recent spate of Japanese financial scandals should have provided Tokyo with an incentive to make significant changes to the financial system, but the pace of change appears to be slowing.

"Since the yen-dollar talks began in 1983, there has been important progress made," Mr Mulford said. "Sometimes we have made progress step by step, and even stride by stride. More recently, I feel progress has been made inch by inch."

He spoke after the end of bilateral talks on financial market reform at which the US had wanted to see evidence of "decisive action" by Tokyo to remove "systemic flaws" that led to financial scandals.

Mr Tadao Chino, vice-finance minister for international affairs, said while Japan would continue with financial reforms, the process would not be rushed. He said it would be disappointing if US Congress approved legislation limiting the access of Japanese banks and securities houses in the US, as such a move "would impede the internationalisation of financial markets".

Mr Mulford said the US was not concerned about the Japanese scandals in particular, but in making the system generally more transparent, with clear rules and penalties, and fewer restrictions on foreign financial houses.

He said foreign houses should be given greater access to pension fund management and investment trusts, and all "exclusionary practices" should be reformed. He complained that foreign firms now handle only 0.25 per cent of the Y78,000bn pool of Japanese pension funds, while Mr Chino said the foreign firms have only handled the funds for 18 months and their share will inevitably grow.

● Japan's Fair Trade Commission has ordered Nomura Securities to scrap a buyback agreement for shares in a property management subsidiary, Nomura Tochi Tatemono.

UN ready to launch Cambodian mission

By Michael Littlejohns, UN Correspondent, in New York

THE United Nations will shortly launch its most ambitious peacekeeping operation, with despatch of an advance mission to Cambodia to prepare for free elections marking an end to a long and bloody civil war.

The Security Council unanimously approved the plan late on Wednesday. Under a programme agreed at a peace conference jointly chaired by France and Indonesia, the UN will, in effect, assume control of Cambodian administration as well as supervise elections.

UN troops will supervise disarming of military factions, including the powerful Khmer Rouge, and ensure observance of the ceasefire.

The entire operation, expected to be fully under way within six months, is estimated to cost a minimum of $1.5bn.

An advance UN team of 268 officers and civilian staff is getting ready to go to Phnom Penh shortly after the Cambodian peace agreement is signed in Paris next Wednesday in the presence of Mr Javier Pérez de Cuéllar, UN secretary general.

The initial operation will include 50 military officers and 20 experts in minesweeping, as well as a 40-member communications unit from Australia.

Mr Pérez de Cuéllar meanwhile expressed concern at reports the Khmer Rouge is forcibly repatriating thousands of refugees from Thai border camps. Offering them land in Khmer Rouge-controlled areas, the aim was believed to be to influence the elections.

Mandela says he is 'very keen that sanctions be lifted'

Commonwealth seeks compromise over sanctions

By Robert Mauthner in Harare

LEADERS of the Commonwealth are moving towards a compromise on the conditions to be fulfilled before the organisation's sanctions against South Africa are lifted, although it is still possible Britain will reserve its decision.

This appeared to be the upshot of remarks by Mr Bob Hawke, Australia's prime minister, and Mr Nelson Mandela, the African National Congress leader, after a bilateral meeting in the margin of the Commonwealth heads of government meeting in the Zimbabwean capital, Harare.

Neither Mr Hawke nor Mr Mandela would be drawn on likely terms of the sanctions formula due to be adopted by the conference, but both underlined their desire to see sanctions lifted as soon as possible.

In one of his strongest statements on the subject, Mr Mandela stressed that "we are very keen that sanctions be lifted because the people are suffering as a result of sanctions".

"Sanctions is the price they are prepared to pay in order to win the right to determine their own affairs. But they are nevertheless creating a great deal of hardship. They are also devastating our economy. Our economy is in tatters and that is why we are very keen that sanctions should be lifted," he went on.

Though the ANC leader added that certain conditions must be fulfilled before such a decision was taken, the tone of his remarks appeared to indicate that he would not be opposed to a speeding up of the process of lifting sanctions. His advice is bound to have a decisive influence on the decision of the heads of government, 11 of whom he met yesterday.

Mr Hawke, too, indicated that serious consideration was being given to views being put forward at the conference - notably by Mr John Major, the British prime minister - that there might be a need for a modification of the conditions drafted last month by a Commonwealth committee of foreign ministers. Last night Mr Mandela told a press conference that although the ANC endorsed the committee's findings, it was "not necessarily bound to every clause".

Mr Mandela went out of his way to praise Mr Major for the "very deep interest" he had taken in what was going on in South Africa.

● Police yesterday used teargas and batons to disperse hundreds of students at Harare's University of Zimbabwe, writes Michael Holman. The students were protesting against recent government controls on the university, which they said infringed academic freedoms, and against alleged government corruption.

Opening the stable door after the horse has bolted

Michael Holman describes the battle to find a common position on ending sanctions on South Africa

TWO years after South Africa's reform process gathered momentum with the installation of President FW de Klerk, delegates to the Commonwealth conference are battling to find a sanctions strategy they can share.

A combination of flexiblity and pragmatism that has so far marked the summit may bring such an agreement in sight. If so, it could mark the first stage in the organisation's development as a more effective body.

In some respects the delegates are shutting - or opening - the stable door long after the horse has bolted. Trade and investment links with Pretoria have been, or are being, resumed by the country's main trading partners: Europe, the US and Africa.

The end of effective trade sanctions was marked earlier this year by President George Bush's declaration that Mr de Klerk had done enough to warrant repeal of the Comprehensive Anti-Apartheid Act.

The critical sanction that now remains is the US congress's ban on Pretoria's access to International Monetary Fund resources, and ineligibility for World Bank loans. Coupled with this is the sanction of the market place: until a political settlement is reached, most investors will avoid South Africa. The oil embargo is now so weak that the country has been running down its fuel stockpile; and not even Pretoria is asking for the lifting of the UN arms embargo.

Sporting, cultural and academic links with the world are also being restored - though a clear policy statement from Harare would hasten the process. It is on this issue, however, that nearly all delegates are agreed. What they are now trying to do is to draw up a programme, based on a report drawn up last month by a commonwealth committee, which links repeal of trade sanctions to further steps in South Africa's peace process.

A note of unreality still sometimes intrudes the discussion. The most outspoken contributors to the debate tend to fall into two categories. They are either peripheral to South Africa's economic interests, such as Jamaica, or are Pretoria's economic hostages, such as Namibia.

But there is cautious optimism, encouraged by some of the key players such as Britain and Nigeria, that an historic degree of consensus can be reached in linking reform in South Africa to the repeal of a panoply of measures, going back over years, and usually bitterly opposed by Britain.

● The Nassau Commonwealth summit in 1985 endorsed oil and arms embargos, banned new government loans to Pretoria, reaffirmed the 1977 Gleneagles Declaration which discouraged sporting contact, and banned military co-operation.

● A special summit in London in August 1986 agreed - with the exception of Britain - to ban air links; agricultural imports; new bank loans; imports of uranium, coal, iron and steel, coal. Britain accepted voluntary bans on tourism promotion and new investment - both now rescinded.

● At meetings in Toronto, 1988 and Harare and Canberra in 1989 efforts to tighten these measures were set in train.

● At the Kuala Lumpur summit, also in 1989, Commonwealth governments - except Britain - sought the extension and intensification of financial sanctions - by reducing credit terms, for example. It is this complex array that delegates now have to review, guided by a report submitted by the Commonwealth Foreign ministers.

The committee, which met in New Delhi last month, presented a three-stage strategy for lifting sanctions. The arms embargo should stay until a new, internationally recognised government of South Africa was in office. Financial sanctions - such as access to IMF funds - should be lifted "only when agreement is reached on the text of a new democratic constitution". Other economic sanctions "should be lifted when appropriate transitional mechanisms had been agreed which would enable all the parties to participate fully and effectively in negotiations". "People to people" sanctions - cultural and scientific boycotts, tourism, airlinks and visa restrictions "should now be lifted."

The sports boycott, the report says, should continue to be lifted on a selective basis. Britain is pressing for faster action prompted by London's more optimistic assessment of Pretoria reforms. In the past this might have been a recipe for a row. In Harare reconciliation seems possible.

Mandela (left); De Klerk (centre) and Hawke: hunting for a solution

Over 40 killed at Hindu festival

HOURS after suspected Sikh militants killed more than 40 people and injured 100 celebrating Hinduism's most important festival, the locally ruling Hindu party announced it would go ahead with plans certain to escalate religious tension, Reuter reports from Lucknow.

The Bharitaya Janata Party (BJP) said yesterday a plan to start building a temple on the site of the Ayodhya mosque in the northern state of Uttar Pradesh would proceed as scheduled.

The dispute over the mosque site has often flared into bloody sectarian riots between the Hindu majority and the Moslem minority. At least 2,000 people have been killed in street battles between the two communities in the past two years and the fall of two successive governments has been linked to the issue.

Privatisation bids in Pakistan

PAKISTAN'S privatisation initiative yesterday drew a better than expected response when 235 bids were received for 89 of the 101 factories the government has put up for sale, the largest batch so far on offer, reports Farhan Bokhari.

Algerian cabinet shake up

By Francis Ghilès

THE Algerian Prime Minister, Mr Sid Ahmed Ghozali, has acted to make his cabinet combat ready for the country's first multi-party elections, the first round of which has been rescheduled for December 26.

He has appointed as minister of the interior Mr Larbi Belkheir, the head of the president's office, who was throughout the 1980s arguably President Chadli Bendjedid's most trusted adviser.

Mr Ghozali has also dismissed his economy minister, Mr Hocine Benissad, and assumed direct responsibility for the economy. He was unhappy with handling of the national assembly.

Equally damaging, both at home and abroad, were the former minister's unfounded allegations that his predecessor, Mr Ghazi Hidouci, had negotiated a secret agreement with the International Monetary Fund and that the governor of the Banque d'Algerie, Mr Abderrahmane Hadj Nacer, had sold part of the country's gold reserves.

Reuter adds from Algiers: the Government is to increase prices of milk, cooking oil, sugar and maize by up to 200 per cent from Saturday in the second round of increases this week.

Riots throw spanner in political works

William Keeling on Nigerian religious disturbances which have left at least 100 dead

THIS WEEK'S riots in northern Nigeria between Moslems and Christians have left at least 100 dead, but they are only the latest in a long history of religious disturbance and conflict. For the first time, however, religion is at the top of the political agenda, a potentially explosive factor as the state prepares to return to elected civilian rule by October next year.

Last Monday thousands of Moslem youths in Kano, the largest city in the mainly Moslem northern region, marched in protest at a tour of the area by Mr Reinhard Bonnke, a German Christian evangelist. The demonstrators were aggrieved as the authorities had earlier banned a similar tour by a South African Islamic scholar.

Protest quickly degenerated into conflict between Moslems and Christian factions in the city. Over two days shops, houses and places of worship were burnt.

The authorities imposed an indefinite night-time curfew on the state of Kano and placed the security forces on a nationwide alert.

Undeterred by this sequence of events the Vatican yesterday announced the setting up of a mission in Kano to help "intensify the evangelical work of the church" in the area.

President Ibrahim Babangida yesterday called an emergency meeting of the National Security Council to discuss the trouble. After flying back early from the Commonwealth summit in Zimbabwe, Gen Babangida appealed in a broadcast for calm.

The danger, say opponents of the government, is that the riots in Kano are a microcosm of a crisis waiting to happen across the country: Nigeria's estimated population of 115m is roughly divided between the two faiths, with Christians dominating the south of the country.

They also criticise the government for fanning religious tension in the country by exhibiting pro-Moslem bias. Moslems who occupy key posts within the regime include the finance, defence and petroleum resources ministers, the governor of the central bank, and the chiefs of the army, navy and air force.

The government has also been criticised by Christian leaders for its affiliation in 1986 to the Organisation of Islamic Conference and the role of sharia law.

Critics cite the government's reported interference in 1988 in the selection of the Sultan of Sokoto, titular leader of Nigeria's Moslems, as the most striking example of its intrusion into religious affairs.

Following the death of Sultan Abubakar III, the choice of the royal "kingmakers" of the late sultan's eldest son was apparently overturned by the government. Instead Mr Ibrahim Dasuki was appointed, leading to violent riots in Sokoto, the historic Moslem capital of northern Nigeria.

Mr Dasuki is a confidant of Gen Babangida and a close relative of Mr Abubakar Alhaji, the finance minister. When he was appointed his business interests included the chairmanship of the Nigerian affiliate of the Bank for Credit and Commerce International.

His appointment has eroded, rather than strengthened, Gen Babangida's power base.

In a failed coup last year rebel soldiers, mainly Christian from the centre of Nigeria, demanded the removal of Mr Dasuki as sultan. They also threatened to excise five northern states from the federation.

In the coming elections politicians are likely to use religion as a campaign platform. If further violence ensues, the return to democracy may be postponed. Political observers say it is vital that Gen Babangida should be aware that, if religious divisions within the civil population are present in the army, national unity is at risk.

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IMF—WORLD BANK ANNUAL MEETING

Bank president opposes US on private lending

By Peter Norman in Bangkok

IMF WORLD BANK

MR Lewis Preston, recently appointed president of the World Bank Group, yesterday indicated that he was reluctant to let the bank lend directly to private sector borrowers in developing countries.

He said such a policy, which has been advocated by the US administration, could jeopardise the position of holders of World Bank bonds. Mr Preston, a former chairman of JP Morgan, the US commercial bank, said: "I feel some responsibility to people who have bought World Bank paper."

These investors had acquired the bonds in the belief that World Bank lending would be covered by a government guarantee. This would not be the case with direct lending to the private sector. Mr Preston's statement was a sign that he is not afraid to resist the administration that was largely responsible for his appointment.

Earlier this year the US pushed hard for a greater involvement of the World Bank with the private sector in a tussle over plans to raise capital at the World Bank's International Finance Corporation subsidiary.

The US finally approved the capital increase after securing the bank's agreement to carry out a study on what changes would be needed to the bank's articles of agreement to permit direct lending to the private sector.

As the International Monetary Fund and World Bank annual meeting ended yesterday Mr Preston and Mr Michel Camdessus, the IMF managing director, sought to reassure poor nations that they would not be forgotten in the rush to help the Soviet Union and its former communist allies.

"I was slightly surprised by the depth of the feeling expressed by representatives of both Africa and Latin America that this (aiding the Soviet Union) would divert the attention of the bank from their own problems," Mr Preston said. "I have tried at every opportunity to assuage those concerns."

Mr Camdessus told the closing session that the fund's efforts to help reform in the Soviet Union and Eastern Europe and to aid reconstruction in the Middle East had won broad support. "But these additional responsibilities must not in any way limit the fund's technical and financial assistance to other members," he said.

Mr Preston also highlighted the importance of a speedy and successful conclusion to the Uruguay Round of talks aimed at reducing trade barriers.

● Mr Attila Karaosmanoglu, the bank vice-president for Asia, said the bank expected to increase its lending to Asia by $1bn and did not see the region suffering because of any shift in the west's focus to helping the Soviet Union, Reuter reports from Bangkok.

He expected the bank to promise to lend $8.5bn "or slightly more" to Asia in the fiscal year ending next June 30.

Terry Kirk

HAND IN HAND: Lewis Preston, World Bank president, Pablo Better, conference chairman, and Michel Camdessus, IMF chief, at the closing ceremony yesterday

Commission approves Ecu40m aid for eastern Europe

By Peter Norman in Bangkok

THE European Commission has agreed to allow the European Bank for Reconstruction and Development to use Ecu40m (£28m) of Community funds for technical assistance in eastern Europe and the Soviet Union.

The money, which will be used to finance advice on issues such as privatisation and the creation of financial markets, should meet the EBRD's needs next year.

The EBRD is understood to have around 60 technical assistance projects in the former communist states of eastern Europe and the Soviet Union in various stages of formulation.

The finance agreed during this week's annual meetings of the International Monetary Fund and World Bank would cover around 25 of them.

The arrangement was agreed between Mr Henning Christophersen, a commission vice president and Mr Jacques Attali, the EBRD president, after some mediating by Mr Wim Kok, the Dutch finance minister.

Altogether five international bodies – the IMF, World Bank, the EC Commission, the EBRD and the Organisation for Economic Co-operation and Development – are now supplying technical assistance and economic know-how to eastern Europe and the Soviet Union.

The presidents of the five agreed yesterday to co-ordinate their operations to avoid overlap.

Tunisia expects $400m for economic reforms

TUNISIA is expecting $400m (£234m) in loans over the next two years, around half of which will come from the World Bank, in support of its economic and financial reform programme.

Mr Nabli Mustapha Kamel, minister of planning and regional development, said the EC was expected to contribute Ecu40m-50m (£28m-£35m) from a fund to support market reform in the countries of the Mediterranean. The EC has set aside Ecu300m (£211m) over the next five years for this. He also expected bilateral support, including funds from Japan.

The reforms will continue over the next three years in three areas, he said.

● Privatisation: More of the 300-400 companies in the public sector will be sold and the programme will graduate to larger companies. Likely to be high on the list for sale are state cement and building materials companies, and shipbuilding and repair enterprises.

● Financial market reforms. From next year, for example, the government will finance its budget deficit entirely through market instruments.

● Trade: Most quantitative import restrictions will go.

CONFERENCE DIARY

Yavlinsky shuns Hitchcock role

By Stephen Fidler and Peter Norman

THERE seems little love lost between Mr Grigory Yavlinsky, the head of the Soviet delegation to the annual meeting, and second-in-command Mr Viktor Geraschenko, who heads the State Bank of the Soviet Union.

In private, Mr Geraschenko – who is suspected in the Yavlinsky camp of being somewhat too enthusiastic to help out the leaders of the abortive August coup – has been telling people that he is far from being in full agreement with everything Mr Yavlinsky says.

Asked to explain this week what the Group of Seven thought about this difference of views, Mr Yavlinsky suggested the bank chief had kept these differences quiet.

"Geraschenko was a very polite boy," he said.

According to Bundesbank president, Mr Helmut Schlesinger, the Soviet delegation presented a "mirror image of the state of the Soviet Union".

Mr Yavlinsky was asked to outline two scenarios in which a collapse of the economic treaty between the republics could lead to the use of nuclear weapons. "I'm not Hitchcock," he responded.

□□□□

Mr Jacques Attali, president of the European Bank for Reconstruction and Development, has come up with an ingenious solution to the Soviet Union's constitutional impasse.

He suggested that the European Community's Rome Treaty should be simply translated into Russian and taken over by the union and the republics.

Mr Attali shrugged aside a question as to whether he meant the EC's common agricultural policy to be part of the Soviet Union's constitutional arrangements.

His thoughts were on higher things. With the Soviet Union operating under the terms of the Rome Treaty, the way would be open for negotiations on a 40-nation community stretching from Lisbon to Vladivostok, he said.

Kuwait oil fires 'will be out by next month'

KUWAIT'S oil well fires will be extinguished by November and the emirate will produce 400,000 barrels of oil a day (b/d) by the end of the year, Mr Abdullah Al-Gabandi, managing director of the Kuwait Investment Authority, said yesterday, Reuter reports from Bangkok.

Current oil production stood at 280,000 b/d, he said.

"Originally, the target was March, 1992 but this was revised to the end of this year. But we have been doing so well that we're saying November now."

He said the fires had been put out at an average rate of five per day. Mr Gabandi said 631 of the 730 oil well fires had been extinguished as of Tuesday.

He said that by June, 1992, Kuwaiti oil production would rise to 800,000 b/d and the target would be to increase this to 1.2m b/d by the end of 1992.

Egypt's liberalisation hopes run into bureaucratic sands

Plans to sell off state enterprises are meeting resistance, writes Tony Walker

EGYPT last week pleased international lending institutions and western aid donors by launching a single currency market, well ahead of a schedule agreed with the International Monetary Fund.

However, the floating of the Egyptian pound and other monetary reforms have not been matched with the same urgency by much-needed liberalisation of the state sector – another cornerstone of an IMF-World Bank package agreed in May.

"It's most unfortunate," said a leading Egyptian banker. "We are not really giving strong enough signals that we are genuinely committed to economic reform. When pressure was alleviated after the agreement with the IMF, the pace of reform slackened."

The IMF agreement, negotiated in tandem with a World Bank structural adjustment programme, was aimed at reducing Egypt's ballooning budget deficit, while at the same time seeking to revitalise the country's debt-burdened public sector through liberalisation and privatisation.

Since the May agreement, negotiations with the World Bank on a $300m structural adjustment loan have proceeded at a snail's pace. One of the sticking points has been Egypt's tardiness in increasing domestic prices for cotton to 60 per cent of the world market price as part of its agreement with the Bank. It has also been slow in removing trade restrictions.

This month these issues have been resolved and the way should now be clear for an agreement, but valuable time has been lost. Similarly, progress has been slow in negotiating a $400m World Bank "social fund" to help alleviate distress caused by the projected rationalisation of overstaffed state-run industries.

Complications associated with the implementation of a new public sector investment law have proved a drag on plans to liberalise the state-owned sector, which includes some 550 enterprises and accounts for about 70 per cent of gross domestic product.

The new law is aimed at creating a series of holding companies under the supervision of the prime minister to organise public sector businesses along more efficient and, it is hoped, profitable lines. The law will also facilitate the sale of state-run companies.

Local businessmen and western economists fear, however, that powerful vested interests, bureaucratic infighting, an acute shortage of officials capable of implementing complex reforms, and the resistance of the Egyptian system to change will prevent an adventurous

> Local businessmen and western economists fear that powerful vested interests, bureaucratic infighting, an acute shortage of capable officials and the resistance of the Egyptian system will prevent an adventurous liberalisation process.

liberalisation process.

But Mr Youssef Mazhar, a senior official in Egypt's industry ministry, says the new law, once fully implemented, will expedite liberalisation. "This law," he says, "is the key to things happening. It could not happen without the law."

Coopers and Lybrand, the international accounting firm, has been commissioned to begin valuing public sector assets for possible sale. Among assets slated for early assessment are hotels, a cement works and an iron foundry.

Dr Ahmed Foda, head of the Cairo-based Investment and Securities Group, believes that in spite of apparent slow progress "winds of change are overwhelming." He says that the government will come under increasing pressure to divest, and the first candidates for sale will be state holdings in some 240 joint ventures.

Egypt has been relatively successful in its efforts to curb demand in the economy under IMF guidelines. Tight credit ceilings plus the introduction of a successful treasury bill auction system have helped soak up liquidity. The Egyptian pound, which has been depreciating at an average annual rate of about 25 per cent against the dollar, has been stable since the May IMF agreement.

However, preliminary indications suggest the government has been less successful in reducing the budget deficit to the target for 1991-92 of 10.3 per cent of gross domestic product, compared with more than 20 per cent of GDP last fiscal year. Tax receipts are reportedly below expectations.

Economists estimate price increases in the past year at about 25 per cent, but say that after a surge in the early part of 1991, the situation has stabilised. Egypt seems to have avoided the hyper-inflation that might have threatened social upheaval such as that which occurred in the price riots of 1977; but effective cuts in real wages of as much as 15 to 20 per cent for already hard-pressed workers and government employees is causing widespread dissatisfaction.

Among Egypt's aid donors and representatives of international lending institutions fears persist that the country may yet falter in its efforts to meet IMF targets, thereby putting in jeopardy its agreement with the Fund. An IMF team is due to return to Egypt in November to assess progress in the first quarter of 1991-92.

Egypt's western friends will be hoping the news is good. No one wants to see a repeat of the 1987 experience, when the last IMF agreement collapsed within weeks of its signing after Egypt failed to meet specific performance targets on its budget deficit.

Peruvian senate expected to open way for charges against ex-president

Garcia set to lose immunity from trial

By Sally Bowen in Lima

IN AN unprecedented move, the Peruvian senate is today expected to lift ex-President Alan Garcia's parliamentary immunity and allow the common courts to hear charges of illicit enrichment. It will be the first time in Peruvian constitutional history that a former president has faced trial.

If the vote goes against him, as seems certain, the way will be opened for other, potentially damaging information to be supplied from abroad on bank accounts alleged to be held by Mr Garcia.

Mr Garcia's accusers also hope to obtain evidence from New York Attorney Robert Morgenthau to link him to the BCCI scandal and to a 1986 Mirage aircraft contract renegotiation.

Since the revelation in July that two high-ranking former Central Reserve Bank officials received up to $3m (£1.7m) in BCCI bribes in return for placement of $270m of Peru's international reserves with the bank's Panama branch, attempts have been made to implicate Mr Garcia in the deal. So far nothing has been proven except his awareness of the placement.

The other matter requiring clarification concerns a Garcia-inspired 1986 negotiation with the French government to scale down a purchase of 26 French-built Mirage fighter aircraft contracted by the previous government of Mr Fernando Belaunde. Some congressmen allege that, in a secret deal organised through international arms dealers with BCCI financing, a third party country bought Peru's place in the queue for the jets.

It is expected that senators of all parties, except Mr Garcia's American Popular Revolutionary Alliance (Apra), will vote in favour of the accusation against their life-senator colleague. Moderates point out that such a vote does not assume Mr Garcia's guilt – it simply opens the door to judicial investigation.

As opposition to Mr Garcia in congress mounts, however, his popularity in the country as a whole is growing. A weekend opinion poll showed the number believing him innocent stood at over 30 per cent on all counts, up from about 10 per cent in late August.

● President Alberto Fujimori leaves Peru tomorrow for a week-long official visit to Europe. The Peruvian delegation, which includes the premier, ministers and private businessmen, will hold meetings with EC Commission President Jacques Delors, and the presidents of France, Spain and Italy.

King Juan Carlos of Spain will also receive Mr Fujimori, the first Peruvian president to visit that country officially.

The delegation hopes to promote investment opportunities in newly-liberalised Peru as well as seeking further support for economic alternatives to the illegal coca trade.

Brazil plans sweeping reform of tax regime

By Christina Lamb in Rio de Janeiro

THE Brazilian government is planning a sweeping reform of its taxation system as part of a crucial fiscal adjustment needed to tackle spiralling inflation and secure a loan from the International Monetary Fund (IMF).

At an average 46 per cent, Brazilian corporate taxes are among the highest and most complex in the world.

If President Fernando Collor gets his way the rates and number of taxes – there are currently 58 different ones – will be reduced. The hope is that more people and businesses will pay, enabling the government to combat its growing deficit.

His proposals go to Congress this month as part of a series of proposed constitutional amendments. Politicians say tax reform is the most likely to get through. Mr Marcilio Marques Moreira, economy minister, has admitted that tax reform is necessary for Brazil to obtain a $2bn (£1.1bn) standby loan from the IMF, crucial to any agreement being reached on the restructuring of its $52bn commercial debt with creditor banks.

The Economy Ministry estimates that Brazil is currently losing $12.5bn through tax evasion, with only 12 per cent of the working population paying taxes. It believes its proposed tax reform, which includes a reduction in banking secrecy to clamp down on offenders, could raise an extra $10bn to transform a predicted 2.4 per cent public deficit this year to a 0.6 per cent surplus next.

Although there are many disagreements over how to do it, the need for reform is overwhelmingly accepted. Big companies complain that the present system is loaded against them, a claim supported by a recent study by São Paulo university of 500 companies which found that on average taxes accounted for 44.2 per cent of the final price of their products.

According to Mr Stephen Kanitz, the study's author, "the government took the line of least resistance and effort by concentrating taxes on big companies, particularly multinationals."

This has been detrimental to both salaries and investment. Mr Kanitz found 90 per cent of companies surveyed gave high taxes as the main reason against new investment: "Brazil has been taxing company profits excessively exactly when, because of the debt crisis, profits are the only source of new money available to Brazilian companies."

The highest taxes are on cigarettes, where they make up about 72 per cent of the final price.

The tax burden on labour has been a big problem. In Brazil social security contributions are collected like taxes, going into treasury coffers, and companies pay around half as much again as the salaries. The taxes penalise labour-intensive companies and increase administration costs. Many companies have suits in court challenging the constitutionality of various taxes.

The government's final proposals are still to be presented. But according to Mr Luis Paulo Velloso Lucas, director of industries, the main thrust is simplification, with lower rates but affecting a wider base of individuals and businesses.

Two tax brackets are expected to be created, with a surtax for very high incomes, and the number of corporate taxes drastically reduced. The main impact for large companies will be the replacement of six income surtaxes levied against profits and total sales, currently amounting to 24 per cent, with a single tax of 18 per cent on corporate profits.

Killings revive US debate on gun law

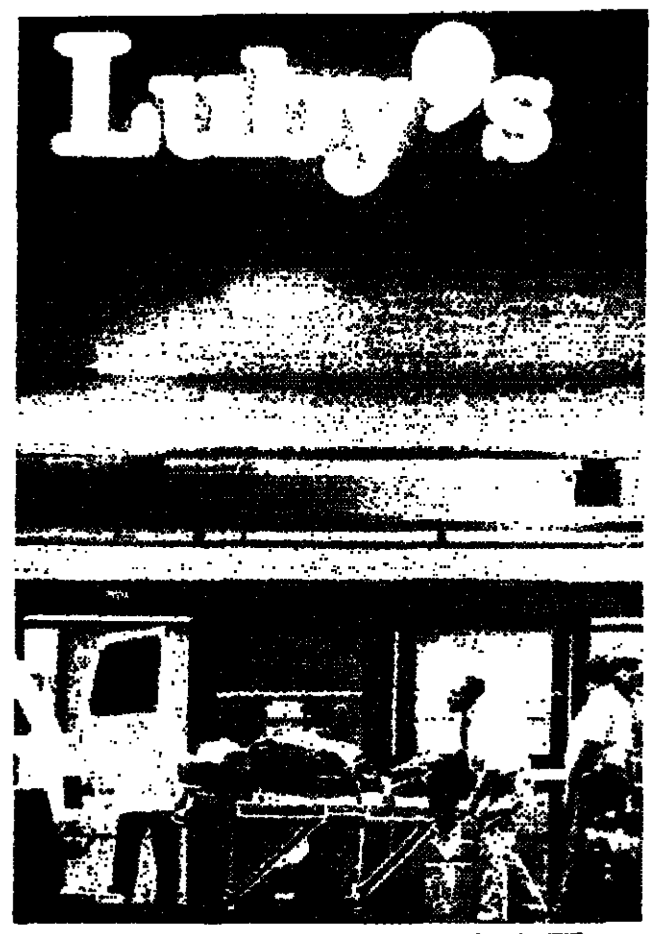
THE House of Representatives yesterday debated measures to restrict US gun sales under the shadow of the mass shooting in Killeen, Texas, which left 23 people dead on Wednesday, George Graham writes from Washington.

Opponents of gun control sought to strike out from a comprehensive crime control bill a clause which would ban sales of semi-automatic assault rifles and limit the size of magazines that could be sold with other guns.

The clause would not have prohibited the Glock semi-automatic pistol used by the Texas gunman, Mr George Hennard, but it would have banned the 17-round ammunition clips he used.

Congressman Charles Schumer, chairman of the House sub-committee on crime and sponsor of the legislation, described his efforts as "an uphill fight", but congressional advisers said the Texas killings could have swayed as many as 10 votes in favour of controls on these weapons.

The Senate earlier this year approved a crime control bill which is believed unlikely to draw a veto from President George Bush. The current House version, however, is opposed by the White House on a number of points.



Officials remove victims' bodies from Luby's cafeteria, Killeen

The bill would extend the death penalty to a broad range of federal crimes, including terrorism, political assassination, and hijacking or kidnapping in which death occurs.

The House vote on the full bill is expected next week.

Confirmation vote for CIA nominee today

By George Graham in Washington

THREE days after the US Senate ended a damaging partisan battle by confirming Judge Clarence Thomas as a Supreme Court Justice, another of President George Bush's controversial nominees will today face his first confirmation vote.

Mr Robert Gates, picked by Mr Bush to head the Central Intelligence Agency (CIA), is looking for a favourable vote from the Senate select committee on intelligence.

Senator David Boren, the committee's Democratic chairman, is expected to join the panel's seven Republican members to give him a majority.

The committee recommendation can still be rejected by the full Senate, and Mr Gates's chances would be greatly improved if he could win the backing of other intelligence committee Democrats.

Mr Gates was a controversial choice as the new director of central intelligence, and his confirmation has been held up for months by the Senate intelligence committee since Mr Bush nominated him in May.

He was originally picked by President Ronald Reagan in 1987, but withdrew his name amid doubts about his knowledge of the Iran-Contra affair in which arms were sold to Iran in the hope of winning the release of American hostages held in Lebanon. The proceeds were then used to provide covert finance for the Nicaraguan Contra rebels.

The intelligence committee's hearings on the nomination focused less on Iran-Contra – which Mr Gates admitted he handled badly – and more on charges made by CIA analysts that he had slanted intelligence for political ends. The committee was concerned over whether he would keep Congress fully informed of the agency's secret activities.

Mr Gates's supporters claim he is a thorough intelligence professional, but some of his critics have argued that for this very reason he is the wrong man to lead the CIA into the post-Cold War era.

THE MEN BUSH CHOOSES

PRESIDENT George Bush's battles this week to win Senate confirmation for his nominees have raised again questions over his capacity to choose subordinates, George Graham writes.

The choice of the inexperienced Judge Clarence Thomas for a seat on the Supreme Court has been seen as consistent with a track record that includes the selection of the youthful Senator Dan Quayle as his vice-presidential running mate, and the nomination of Senator John Tower as defence secretary – a nomination rejected by the Senate amid allegations of drinking and womanising.

Mr Robert Gates, universally recognised – if not always appreciated – as an experienced intelligence officer, does not fall into the category of manifestly under-qualified appointments.

But Mr Bush appeared to be asking for trouble by naming him a second time to head the CIA, when the first nomination had to be withdrawn because of doubts about Mr Gates's knowledge of the Iran-Contra affair.

Although Mr Bush has a history of uninspired appointments, his defenders argue that he has also picked some very strong cabinet members.

The core of the cabinet, comprising secretary of state James Baker, national security adviser Brent Scowcroft and secretary of defence Richard Cheney (even if he was the president's second choice after Mr Tower) is widely reckoned to be a particularly powerful and cohesive group.

Mr Bush's latest nominee is Mr William Barr, an experienced, apparently uncontroversial government lawyer, for the post of attorney general.

Argentine steel strike

A STRIKE by steel workers – protesting against the laying off of 3,000 of the 8,900 work force in the state-owned industry – threatens to derail an important element of the Argentine government's plans for privatisation and economic adjustment, David Greenless reports from Buenos Aires.

An elite Argentine military unit was called in early yesterday morning to defend the SOMISA steel works, the country's largest, after strikers tried to occupy the plant and restart a closed blast furnace.

Rights move in Mexico

PRESIDENT Carlos Salinas de Gortari has backed a series of legal reforms that would, if implemented, substantially improve the protection of human rights in Mexico, Damian Fraser writes from Mexico City.

The proposals come in the wake of mounting national and international pressure for Mexico to improve its human rights record, spurred by two recent international human rights reports that characterised torture as "endemic" in Mexico.

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Lauda Air orders Boeing 777s despite setbacks

By Paul Betts, Aerospace Correspondent

LAUDA Air, the Austrian airline owned by Mr Niki Lauda, the former motor racing champion, has ordered four Boeing 777 wide-body aircraft worth $560m (£325.5m).

Mr Lauda said in Vienna that he had signed an agreement with Boeing last month for the four aircraft which will eventually replace his airline's fleet of Boeing 767 twin-engined airliners.

Lauda Air is planning to take delivery of two 777s in 1997 and the other two airliners in 2000. The airline has yet to decide on what engines to power its 777s. General Electric and Pratt & Whitney of the US and Rolls-Royce of the UK are all competing to supply Boeing 777 powerplants.

The Lauda Air order brings to six the airlines which have ordered the new Boeing 777 wide-body twin-engine airliner. These include United Airlines, British Airways, Eurolair of France, All Nippon Airways, and Thai.

The independent Austrian carrier has so far concentrated on charter operations and scheduled services to the Far East, Australia and London. Mr Lauda said he was seeking to expand eventually his scheduled services to Los Angeles and Miami. The airline currently operates a fleet of Boeing 737 narrow-body aircraft and 767 wide bodies. It also has on order one Boeing 747.

Mr Lauda said his airline's expansion plans had been frustrated by the opposition of the Austrian state carrier, Austrian Airlines, to Lauda Air's development. He argued for the need to co-ordinate the long-haul services between his airline and the Austrian state carrier.

If an agreement with Austrian Airlines was impossible, Mr Lauda said he was considering forging a strategic alliance with an international carrier to boost his international network. He suggested that Lauda Air would be prepared to sell a 10-15 per cent stake to a foreign partner to cement an international alliance.

Despite a traumatic year which has included the crash of one of the airline's Boeing 767s, the collapse of Air Europe, Air Lauda's UK partner, and the general slump in air travel, Mr Lauda said his airline had weathered the difficulties and was expected to report an operating loss of under $3m this year.

Turkey and Efta sign free trade agreement

By William Dullforce in Geneva

TURKEY yesterday initialled a free trade agreement with the six countries of the European Free Trade Association – Austria, Finland, Iceland, Norway, Sweden and Switzerland.

Ratification is expected to be swift enough to allow the agreement to come into force next April when, except for a few sensitive products, notably textiles, Efta will eliminate customs duties on imports of Turkish industrial goods and processed farm products.

In return, Turkey will progressively abolish its tariffs on imports from Efta during a transition period lasting until the end of 1995. The agreement covers fish exports from Norway and Iceland.

At Efta headquarters in Geneva the agreement was described as a "modern" one adapted to the economic conditions of the 1990s in that it included provisions covering government procurement, intellectual property rights, state aid, competition and dumping. The agreement put Turkish-Efta trade on the same preferential basis as trade between Turkey and the European Community, Efta said. In 1990 the value of the trade was roughly $1.8bn (£1.04bn).

Norway hit again by US anti-dumping laws

By Nancy Dunne in Washington

FOR THE second time this year, Norwegian industry is battling against US "unfair" trade laws as the recession drives a rising number of American companies to the filing of anti-dumping and subsidy complaints.

On Wednesday the US International Trade Commission (ITC) issued a preliminary finding that there was "reasonable indication" of injury to US magnesium producers from imports from Norsk Hydro, the Norwegian energy metals and chemicals group, through its plants in Norway and Canada.

A final ruling earlier this year that Norwegian salmon farmers were dumping subsidised products in the US market resulted in duties of more than 26 per cent and a virtual loss of the fresh salmon market for the Norwegian producers.

In the most recent case, the ITC commissioners voted unanimously in favour of the petitioner – Magnesium Corporation of America of Salt Lake City, Utah. Such preliminary findings are usual, however; it is been more than a year since the ITC threw out an unfair trade complaint at this early stage in the investigation.

Norsk Hydro has been accused of benefiting from subsidies in both Norway and Canada and "dumping", or selling its products at "less than fair value" in the US. The commerce department last month rejected the subsidies charge against Norway in its preliminary ruling, but the investigation of the other charges is now underway.

Norsk Hydro is the leading producer of pure magnesium and magnesium alloys in Canada and the only Norwegian producer. It began production in a plant in Becancour, Quebec, in 1989 as part of a strategy for long-term growth in the US market.

According to the ITC, US consumption last year was almost 110,000 tonnes. Imports, valued at $70.2m (£40.8m), constituted almost 20 per cent of the market last year; almost all were from Norway and Canada.

Anglo-US company's turbine sales

By Andrew Baxter

COOPER ROLLS, an Anglo-US joint venture marketing company, has won contracts worth $80m (£46.5m) from two South American oil and gas companies for eight Coberra gas turbine systems and associated spares.

Cooper Rolls is jointly owned by Houston-based Cooper Industries and Rolls-Royce, the UK aero-engine maker. The Rolls-Royce portion of the contracts for four Avons and four RB211s plus spares is worth $30m.

The orders were placed by Petrobras of Brazil and Maraven of Venezuela, which have chosen Avon and RB211-powered packages for installation on offshore platforms in the Atlantic Ocean and on Lake Maracaibo.

The contracts take Rolls-Royce sales to offshore operators in Brazil and Venezuela to more than 50 engines, 35 on Lake Maracaibo, producing 1m horsepower.

UK contract for mine clearing

Passive Barriers of the UK is finalising a $100m contract with Kuwait for post-war ordnance clearance in the north of the country, the company said yesterday, writes Victor Mallet.

Kuwait's ministry of defence signed a letter of intent with Passive Barriers in July for the unswept 3,500 square kilometres Bangladesh sector, so called because it was originally allocated to the Bangladeshi army. The work is expected to take about two years.

India counts cost of Soviet ties

Some 13 per cent of Delhi's trade was with Moscow, writes **David Housego**

INDIA, which long put its trust in the Soviet Union as its closest ally, is now counting the cost of this heavy dependence.

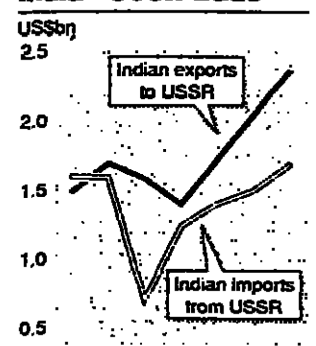
For reasons now seen as short sighted, India allowed bilateral trade with the Soviet Union to grow to 13 per cent of the country's commercial imports and exports. India also purchased almost 70 per cent of its military supplies from the Soviet Union and drew heavily on Soviet equipment for its steel mills, hydro-electric dams and other heavy engineering projects.

Estimates of the cost to the Indian economy and the armed forces of the disruption in the Soviet Union vary enormously. Mr Muchkund Dubey, the Indian foreign minister, said last week that Indo-Soviet trade would drop by 20-40 per cent this year from what the two governments had initially anticipated.

But both the government and Indian industry are in the dark over what the level of trade will be next year. Disputes have to be resolved over exchange rates, financing and the treatment of India's debt to the Soviet Union. The Indian side say they do not know whom to deal with in the Soviet Union. A trade protocol that should have been signed in October was postponed.

On the military side, the Indian air force and navy in particular are beginning to suffer from their dependence on Soviet equipment. There have been reports of Mig-21s, Mig-23s, and Mig-29s that have been grounded because of shortages of spares, as well as of problems with the Schilka surface-to-air missile system,

India - USSR trade



with Soviet-purchased multiple rocket launchers and with radar systems. Western diplomats say that the Indian air force could be virtually grounded by January. A third of the Indian navy is in port.

India is seeking spares from east European countries. It has also examined the possibility of producing key components here. But this has run into the difficulty of obtaining dual purpose machine tools from both western and Soviet suppliers who are restrictive over selling to nations in areas of conflict.

In contrast to the foreign ministry's figures, the commerce ministry reckons that only 53 per cent of a downward revised target of Rs75bn (£1.7bn) in two-way trade will be achieved this year. The Soviet Union is expected to deliver only 23,000 of the 70,000 tonnes of newsprint it had promised.

By August supplies of the 7m tonnes of crude oil and petroleum products expected from the Soviet Union were running at 50 per cent of what was scheduled. There have been no deliveries of the non-ferrous metals that had been projected and none are expected. Imports of fertilisers, however, are almost double the level projected.

In terms of exports from India, the Soviet Union is hungry for textiles, knitwear, leather goods, consumer durables, tea, coffee, soaps and detergents. But many Indian suppliers became nervous in April when there were long delays in payments. Also India, which came close to defaulting on its foreign debt earlier this year and is under immense IMF pressure to cut its budget deficit, has had to lend the Soviet Union about Rs20bn over the last 18 months to maintain exports at even this depressed level.

Mr Dubey confirms that there is a dispute within the Indian government as to whether India, with its own debt problems, can continue to finance exports to the Soviet Union. The foreign ministry, both for political and long-term economic reasons, favours keeping up the momentum of trade and exports.

A further cause of uncertainty is the exchange rate. Trade between the two countries is denominated in rupees at a mutually agreed exchange rate. But with the rouble fast depreciating, India feels its selling its goods far too cheaply. For all these reasons, both importers and exporters are unclear about what the future holds.

Hindustan Lever, Unilever's Indian subsidiary, says its exports of detergents to the Soviet Union are at a standstill. The Indian State Trading Corporation (STC) has been making substantial imports of ammonia-based fertilisers but its exports of leather have stopped.

A key element in government-to-government talks when they do take place will be the repayment of India's long-term debt to the Soviet Union. Soviet officials put this at a total of $15bn (£8.7bn), spread out over maturities of up to 20 years and an average annual interest rate of about 2.5 per cent. Annual debt repayment has been running at about $1bn a year but could climb to $2bn a year over the coming years because of the burst in Indian military purchases from the Soviet Union between 1986-88. In rouble terms the debt is fast disappearing because of Soviet inflation.

Recognising that a new government-to-government protocol – even if successfully negotiated between Moscow and New Delhi – might not have much validity in large parts of the Soviet Union, India has begun wooing some of the republics. An official delegation recently visited Uzbekistan, Kazakhstan, and Kirghizia.

Talks are due to be held by the end of the year with the Russian Republic which accounts for about 70 per cent of Indo-Soviet trade.

In the meantime, Indian companies are trying to work out individual deals with Soviet enterprises denominated in hard currency.

They are also exploring joint ventures in the Soviet Union in areas from hotels to engineering. But progress is slow.

Nordic deal for energy in Estonia

By Enrique Tessieri in Helsinki

IMATRAN Voima (IVO), a Finnish state-owned utility group, Vattenfall, a Swedish utility group, and the Estonian ministry of industry and energy have signed a co-operation agreement to develop Estonia's energy sector.

According to Mr Jouko Mikola, an IVO director, there are not only long-range plans to modernise Estonia's energy sector to meet Nordic standards, but to eventually join the grid system of the Baltic states with Nordel, a Scandinavian organisation which promotes co-operation in electricity production, distribution and consumption.

Analysts believe that modernising the Baltic states' energy sector will take years to accomplish and will be costly. Mr Mikola believes that modernising Estonia's energy sector alone will require "hundreds of millions, possibly even billions, of Finnish marks".

Another important priority of the energy co-operation involves phasing out a part of Estonia's ageing oil shale-fired plants.

Swedish plan for Lithuanian oil

OK Petroleum, the UK unit of Sweden's Svenska Petroleum, has announced plans to invest £25m in oil production in Lithuania.

The company is planning to develop a 10m-barrel oilfield in one of the first major outside investments in the Baltic states since they gained independence, writes Deborah Hargreaves.

The company will bring the Genciai field into production in early 1993 at a rate of between 4,000 and 6,000 barrels of oil a day (b/d). The oil will be shipped to Svenska's refinery in Gothenburg.

Turkish contract

We have been asked to point out that the company securing Turkish university contracts (FT Sept 3) is called TecQuipment Ltd, trading as TQ International, and not as originally reported.

UK NEWS

UK COMMERCIAL BROADCASTING AUCTION

Thatcher 'mystified' by decision

By Raymond Snoddy

MRS MARGARET THATCHER, the former UK Prime Minister, said yesterday that she was" heartbroken" at the news that TV-am, the national breakfast company, had fallen victim to the system of competitive tenders that she originated and which led to four ITV companies losing their licences.

Mrs Thatcher's surprise intervention came in a handwritten letter to Mr Bruce Gyngell, TV-am's chief executive, as the controversy over the bids and those who lost their franchises intensified yesterday.

TVS Entertainment, the losing holder of the south of England franchise said yesterday it was having urgent talks with its banks over the conditions of a $95m loan with Chemical Bank in Los Angles while other.

Mr Bruce Gyngell, chief executive of TV-am, which was heavily outbid by two rivals, read out a hand written letter from the former Prime Minister in an emotional gesture. The letter read: "When I see how some of the other licences have been awarded I am mystified (underlined) that you did not receive yours and heartbroken.

"You of all people have done so much for the whole of television - there seems to have been no attention to that.

"I am only too painfully aware that I (underlined) was responsible for the legislation. Yours Ever, Margaret."

In Westminster, Mr Jack Cunningham, the opposition leader of the Commons, demanded a statement from Mr Kenneth Baker, the home secretary, on the government's response to Mrs Thatcher's criticisms of the outcome of the tendering process.

Mr John MacGregor, the Leader of the Commons, rejected the call claiming the allocation of the licences was "a matter for the Independent Television Commission and not a matter for the government."

Under the system of competitive tenders set up under the Broadcasting Act 1990 the new, 10-year franchises in most cases went to the highest bidder among those companies which passed a " quality threshhold". All three breakfast bidders passed the quality test. Sunrise won with a bid of £34.61m against TV-am's £14.13m.

The bitterness and surprise is perhaps greatest at TV-am because Mr Gyngell was close personally to Mrs Thatcher and because he was seen to have " sorted out " the overmanning problems of the industry by locking out striking technicians and successfully running a management led service.

TVS has already had talks with Barclays its UK bank. It has to have talks with Chemical because under American rules any "material adverse changes" have to be declared. This would only be a problem if Chemical insisted on immediate full repayment of the $95m - the last debt outstanding from the purchase of MTM, the US production company.

This is considered unlikely and TVS hopes that it will be able to continue broadcasting until the end of 1992 and that there will be an orderly liquidation of assets.

Even winners in the bids battle were increasingly scathing yesterday about the process they have just gone through.

Mr Richard Dunn, chief executive of Thames Television, another loser said yesterday that the former Prime Minister "is not as painfully aware as we are at Thames Television" that she was responsible for the legislation.

Mr Greg Dyke, chief executive of London Weekend Television, one of Wednesday's big winners said the blame for the ludicrous system had to lie with Mrs Thatcher, Mr Nigel Lawson the former Chancellor, and Mr Douglas Hurd, the then Home Secretary "but particularly Mrs Thatcher who was obsessed by the media and obsessed by television."

Mr Dyke, who retained the LWT franchise and was also a member of Sunrise, the winning breakfast bidder, said on television that he had no idea why the government had adopted such policies and pushed them through.

● Golden handcuffs to buy the loyalty of top television executives in the run-up to the franchise auction could eventually cost the ITV companies more than £60m. The weight placed by the ITC on programme quality and financial credibility is evident in many of its decisions on allocating the franchises, and its is now clear that ITV companies were wise to take steps to prevent their top staff leaving for rival bids.

● Raymond Snoddy, the FT's media correspondent yesterday won the national award in the the annual TV-am Broadcast Journalists' Awards for coverage of the ITV franchise battle.

THE BIDDERS

REGION	Homes with TV	COMPANY	BID	Quality threshold
Breakfast TV	21.4m	**Sunrise**	£34.61m	☑
		TV-am	*£14.13m*	☑
		Daybreak	£33.30m	☑
London weekday	5.0m	**Carlton TV**	£43.17m	☑
		Thames	*£32.70m*	☑
		CPV-TV	£45.32m	☒
London Weekend	5.0m	**London Weekend**	£7.58m	☑
		London Independent Broadcasting	£35.41m	☒
Midlands	4.0m	**Central**	£2,000	☑
North West	2.8m	**Granada**	£9.00m	☑
		North West TV	£35.30m	☒
Yorkshire	2.5m	**Yorkshire TV**	£37.70m	☑
		White Rose TV	£17.40m	☑
		Viking TV	£30.12m	☒
South and South East	2.3m	**Meridian Broadcasting**	£36.52m	☑
		TVS	*£59.76m*	☑
		Carlton TV	£18.08m	☑
		CPV-TV	£22.11m	☒
Wales and West	2.0m	**HTV**	£20.53m	☑
		Merlin	£19.37m	☒
		Channel 3 Wales & West	£18.29m	☒
		C3W	£17.76m	☑
East	1.9m	**Anglia**	£17.80m	☑
		Three East	£14.08m	☑
		CPV-TV	£10.13m	☒
North East	1.2m	**Tyne Tees**	£15.06m	☑
		North East TV	£5.01m	☑
Central Scotland	1.4m	**Scottish TV**	£2,000	☑
South West	0.7m	**Westcountry TV**	£7.82m	☑
		TSW	*£16.12m*	☑
		Telewest	£7.27m	☒
Northern Ireland	0.49m	**Ulster**	£1.03m	☑
		Lagan TV	£2.71m	☒
		TVNi	£3.10m	☑
North of Scotland	0.49m	**Grampian**	£0.72m	☑
		C3 Caledonia	£1.13m	☒
		North of Scotland TV	£2.71m	☒
Borders	0.28m	**Border TV**	£52,000	☑
Channel Islands.	0.04m	**Channel TV**	£1,000	☑
		C13	£102,000	☒

■ Successful bidders

BRITAIN IN BRIEF

UK told by EC to stop road work

Mr Carlo Ripa di Meana, the EC environment commissioner, has taken the unusual step of writing a personal letter to Mr Malcolm Rifkind, the transport secretary, asking him to stop work on several road and rail projects before irreparable damage is done to the environment.

At the same time, the Commission has formally accused Britain of flouting EC legislation on the environmental impact of major projects and has begun proceedings which could end in a European Court case against the UK government.

Mr Ripa di Meana is particularly concerned about the M3 motorway Winchester bypass, which would run across Twyford Down and destroy a prehistoric burial mound, and the A406 East London river crossing, which threatens 8,000-year-old natural forest in Oxleas Wood.

Brussels also objects to the planning procedure adopted for the Channel link and the King's Cross passenger terminal on more technical grounds. The Commission argues that the government should not have split the project so that the terminal plans avoided an environmental impact assessment.

Assurance on Ulster policy

Mr Peter Brooke, Northern Ireland secretary, gave the Irish government an assurance last night that there had been no change in UK policy towards the province in anticipation of possible post-election pacts with Unionist MPs.

He said he had told Mr Gerry Collins, the Irish Foreign Minister, during a meeting in London that, "there has been no change in policy, that policy will continue as it has been previously cast."

His comments followed speculation that senior Conservative's had been deliberately hinting at possible concessions to the Ulster Unionist Party which has nine MPs at Westminster and might hold the balance of power.

In his speech to the Conservative party conference in Blackpool last week, Mr Brooke said a "major theme" of fresh talks on Northern Ireland's political future would have to include the scrutiny of legislation affecting the province - a central demand of Unionist MPs.

However, Mr Brooke said after yesterday's meeting of the Anglo-Irish Conference, that Northern Ireland's politics would continue to be addressed in the context of "three strands" – including relations between the north and south of Ireland and between London and Dublin, as well as politics in the province.

New ferry for Belfast

Northern Ireland road hauliers have taken a 45% stake in a new shipping line to operate between the province and England, it was announced today.

Norse Irish Ferries will start a daily two-ship freight service between Belfast and Liverpool at the beginning of November.

The last Belfast-Liverpool ferry service, run by Belfast Car Ferries, stopped in October 1990.

NIF is a joint venture between a consortium of more than 20 Ulster haulage firms and the Norwegian Grove Star Shipping Corporation.

Chief executive Peter Dobbs told a Belfast news conference the service would "give a significant boost to our exporters who will be able to get their products to London, and even to mainland Europe, within one driver's working day."

The two ships chartered for the route will carry up to 150 trailers and their drivers. It is planned to extend the service to other travellers later.

Ford unveils export pilot

Ford's Halewood plant on Merseyside is to produce 1,000 left hand drive Escort cars between now and the end of the year. The pilot project could lead to exports of at least 25,000 Halewood-built cars next year if productivity and other targets are met, the plant's 7,800 workers have been told.

The programme reinforces repeated assurances by Ford's management to Halewood employees that speculation suggesting the company might close the plant is groundless.

It also coincides with Ford's disclosure of plans to export at least 50,000 units a year of the Courier, a new high-roof van based on the Dagenham-built Fiesta car.

Production has just begun, with Dagenham as the sole European manufacturing centre for the Courier. Ford plans total output of 60,000 annually.

The Courier exports will be additional to 8,000 Fiesta vans and 10,000 Fiesta cars now being exported each month from Dagenham.

Anglo-French unit wins order

GEC Alsthom Transmission Switchgear, part of the big Anglo-French engineering group, has won an order worth nearly £30m from the National Grid Company for two 400kV switchgear substations.

It is one of the largest substation orders to be placed by the National Grid, the transmission company which is owned jointly by the English and Welsh regional electricity companies.

The turnkey contract for the Stafford-based switchgear company was won against fierce UK and continental competition. GEC Alsthom said it maintained its position as the UK's leading supplier of transmission switchgear.

The substations are intended to reinforce the National Grid system in the north of England in readiness for new privately-generated power. They are to be completed by early 1994.

In addition to providing the switchgear, GEC Alsthom will also be responsible for the civil and building works, the supply of protection equipment and transformers, and plant installation and commissioning.

Shipping line cuts jobs

P&O Containers, the shipping line, is to close its newly-acquired Associated Container Transportation Services subsidiary with the loss of an estimated 334 jobs.

ACTS, which arranges collection and delivery of containers for shipping lines, was bought by P&O in July with Trafalgar House's shipping operations.

P&O said its work could be done within the existing business.

City college criticised

The government's City Technology College initiative ran into further controversy with the publication of a critical report by Her Majesty's Inspectorate on the first of the colleges to be established.

Kingshurst CTC, Solihull, set up in 1988, is criticised for the quality of its science, technology and foreign language instruction – three fields in which CTCs were intended to be particularly strong.

According to the CTC curriculum document "a CTC is a technology-rich environment: the quality of teaching and learning in CTCs is greatly enhanced by the carefully-planned use of technology". Yet inspectors found "significant areas of weakness" in Kingshurst's technology teaching, with some areas "poorly developed" and others offering "little progression in skills or concepts".

British Gas backs down

British Gas backed down from a fight with the government over sweeping recommendations made by the Office of Fair Trading which would open up household gas supply to competition and hive off British Gas' pipeline system.

The company's board met yesterday and said it would conduct its own analysis of the OFT's recommendations and the impactthey would have on its business and customers. It would then enter discussions with the OFT.

British Gas said it continued in its agreement to a stringent new tariff formula for domestic prices which is due to come into effect in April and it would rely on the industry regulator to make adjustments to the formula if appropriate. Last week the company had called into question its adherence to the formula in wake of the market changes suggested by the OFT.

Mr James McKinnon, director general of Ofgas, the industry regulator, called British Gas response "extremely weak." "Why do they question the tariff formula one minute and then change their minds? What do they think their 17m customers are going to think?" he said.

UK NEWS

Heathrow hit by electrical power failure

By Jimmy Burns

THE Civil Aviation Authority has called for an investigation into an equipment failure at London's Heathrow Airport yesterday which delayed flights and led to one Boeing 747 landing without visual guidance from the control tower.

The failure at Britain's largest airport occurred at approximately 6.15 am, before daylight, when an electrical unit, which supplies the main computer controlling the airport's taxi-way lighting, overheated.

The equipment is housed in a building together with the air traffic control system which allocates take-off and landing slots for aircraft flying into England and Wales.

Emergency fire services were called in and air traffic control staff evacuated after a fire broke out and the control tower filled with smoke.

The CAA, an independent statutory body responsible for the safety regulation of the industry, described reports of a blaze and of dozens of aircraft having to "eyeball" their way into the airport in the dark as "very exaggerated".

But it confirmed that incoming flights were without local visual control by the airport for "three to four minutes", as the airport authorities activated an emergency visual control tower.

It said Heathrow, a subsidiary of BAA, the airport operator, should carry out an investigation.

The radar-controlled allocation of take-off and landing slots at Heathrow, was transferred to West Drayton.

Pilots were told to hold until receiving further instructions or accept responsibility for guiding their planes in without full ground control.

The CAA said the 747 which chose to land during the emergency belonged to Singapore Airlines.

Several other aircraft delayed their arrival. Heathrow's main control tower was not declared fully operational until 7.40 am.

Heathrow Aiport, a subsidiary of BAA, the airports operator, said last night that it had returned a failed power supply unit responsible for yesterday's problem to the manufacturer and was asking them to carry out an investigation.

CHANNEL TUNNEL

Eurotunnel and TML in court over rising costs

By Andrew Taylor, Construction Correspondent

A COURT hearing of Eurotunnel's application for an injunction to prevent builders of the Channel tunnel halting work on the project was adjourned in London yesterday to allow further evidence to be filed.

The hearing in private before Mr Justice Evans in the Commercial Court is expected to resume next week.

Eurotunnel had applied for an injunction to prevent contractors from halting work on installing a cooling system in the twin rail tunnels which were completed earlier this year, connecting Britain to France under the English Channel.

Transmanche Link (TML), a consortium of five British and five French construction companies contracted to design and build the project, had threatened to stop work unless its payments were increased.

The contractors say the cooling system was not included in the original design for the project and that money provided by Eurotunnel to pay for its installation is insufficient.

TML yesterday applied for the court proceedings to be halted. It agreed to continue to work on the cooling system until the applications can be heard.

Eurotunnel and TML refused to comment further on the case which has brought to a head a two year dispute over who should pay for the big increase in the cost of the project which has risen from £4.8bn in 1987 to £8.05bn.

TML is claiming additional payments of up to £800m at 1985 prices to cover the increased cost of fitting out the rail tunnels, including installation of the cooling system, and building two large passenger terminals at Folkestone, Kent and at Sangatte, northern France.

Tunnel police may get special powers

By Andrew Jack and Martin Mulligan

BRITISH police operating in the Channel tunnel may receive powers of detention and questioning not allowed under current legislation, the home affairs committee of the House of Commons was told yesterday.

French police and customs officers may also be allowed to carry handguns while on duty on the English side of the tunnel.

Mr Paul Condon, Chief Constable of Kent, told MPs that he was negotiating with the Home Office for new powers to allow the police to stop and search people found in restricted parts of the tunnel, and require them to provide proof of identity and "a statement of purpose" to explain their presence.

During questioning, members of the committee expressed concern that Kent could be paying for many aspects of the policing and fire safety of the tunnel, while the entire nation would be receiving the benefits.

Mr Condon confirmed that while the number of police in Kent had expanded by 98 in the last two years in line with the increase in other counties, all of his additional officers would be transferred to working at the tunnel once it was complete.

That would reduce the number of staff available for other duties. He also spoke of the "very tight schedule" under which negotiations with Eurotunnel had been taking place, and was anxious that the police should be allocated a dedicated vehicle exclusively for its use in the tunnel.

Jobless total hailed as signpost to recovery

By Rachel Johnson, Economics Staff

THE UK government discerned "unmistakeable" signs of an end to the recession in unemployment's rise of 35,700 in September – the smallest for a year.

Though the jobless rate jumped to a seasonally-adjusted 8.7 per cent of the workforce, from August's 8.5 per cent, yesterday's labour market data from the Department of Employment encouraged hopes that the rate of unemployment's rise had slackened.

Unemployment rose to almost 2.5m last month, by 854,000 since the upwards trend began in March 1990, and for 18 consecutive months. But September's figure was much lower than the 55,000 expected in the financial markets and caused the Employment Department to declare the "worst is over by a long way."

On the basis of the smaller September total, officials lowered their assessment of the trend in monthly rises to around 45,000. A month ago, they judged the monthly rise to average around 60,000.

Mr Michael Howard, employment secretary, said the figures confirmed a substantial fall in the rate of increase.

"There are now unmistakeable signs of the end of the recession," he said. Though not all the indicators were pointing the same way, surveys revealed rising business and consumer confidence, he noted.

There was less welcome news on wage inflation, as the government released separate figures showing that an expected slowdown in average earnings in August failed to accompany the more moderate rise in September unemployment.

Average earnings across the whole economy rose by 7¾ per cent in August, against expections of 7½ per cent and were unchanged from the level in July. Extra bonus payments in August and widespread cash or lump-sum payments prevented the rise in underlying average earnings to fall as expected towards 7 per cent.

Mr Peter Spencer, of Shearson Lehman, described the earnings rise as a "psychological blow" but remained sure that pay was "under extreme pressure as the manufacturing recession continued to rage."

Mr Spencer said one reason behind yesterday's smaller rise was better labour market flexibility. People joining the count were were becoming quicker to leave, he said. Mr Tony Blair, Labour's employment spokesman, said: "Since this recession began, almost one million more people have become unemployed and vacancies have halved. The government have run out of excuses."

Crime still flares in Meadow Well after the riot

Alan Pike joins Archbishop Carey in Newcastle as he seeks the reasons for civil unrest

NORMALITY has returned to the inner-city areas of the north east of Britain hit by last month's riots. Cars and buildings are again set on fire singly, and young children fling stones in a less concerted way than during the disturbances.

Families in areas like those affected by the riots have to contend regularly with street crime and vandalism. The rest of the country hears about it only occasionally when the problems reach extreme proportions.

Yesterday the Archbishop of Canterbury, Dr George Carey, returned to the subject of inner-city problems at a conference of the Church Urban Fund, the Church of England's inner cities charity.

He spoke of "divisive inequalities in Britain" in a speech calling for action to relieve severe deprivation in the inner-cities. He told an audience of business leaders and MPs that the problems of Britain's inner-cities and the isolated housing estates surrounding them were very serious.

"Let there be no mistaking that there are people there in great need and poverty. They yearn to live lives with the same sort of opportunities as everyone else. The future of our cities depends on finding ways of ensuring that they have those opportunities to help themselves."

Last month the archbishop was criticised by some Conservative MPs for linking the riots to social deprivation. Since then he has visited Meadow Well, the North Tyneside estate affected by the worst of the disturbances, and other disadvantaged parts of the Newcastle diocese. His speech yesterday reflected his conversations with local residents.

After dark: several cities in Britain experienced unrest on the streets this summer

Mrs Molly Woodhouse, an articulate, energetic women in her seventies, has played a leading part in reviving community life on Meadow Well since the riots. She moved to the estate 10 years ago and helped set up a credit union among residents. When the riots left Meadow Well's grocery shops burned out, Mrs Woodhouse and her colleagues at the credit union quickly established a food co-operative.

She echoes the Archbishop's view that people in Meadow Well want the same opportunities as everyone else – sometimes very simple, basic things. "We want our streets swept, drains cleaned and proper policing. All we ask for is what people in other areas get."

The sense of social abandonment described by Mrs Woodhouse is reinforced by an impression of physical abandonment in the streets of Meadow Well. About a quarter of its houses, including entire terraces, are unoccupied, boarded up and sometimes burned out. Parked cars – a feature so familiar in most urban streets that they are scarcely consciously noticed – are almost entirely absent.

Another of Dr Carey's visits was to the parish of St Anthony's in inner-city Newcastle. A new survey of the district due to be published soon will show that 70 per cent of households live on benefits. Seven out of 10 families had no holiday last year, nearly half have had no holiday in the past five years and almost a fifth have never had a holiday.

Rev David Mumford, vicar of St Anthony's and a social worker before ordination, is absorbed by the causes and consequences of the deprivation which forms a large part of his ministry in a parish where, he says, arson is a normal fact of life. He says people feel powerless in the face of the consequences of long-term unemployment. Those who do obtain any economic power use it to get out, depriving the community of social balance.

"The church has to be concerned about poverty and unemployment not because they lead to riots once every 20 years, but because they are wrong," he says.

At Meadow Well, the Church Urban Fund is providing finance to help residents develop a shop into a resource centre. £30,000 is being donated to help Mrs Carol Forrest and other parents at St Anthony's school develop a new community room. Such schemes do not only provide new facilities; they can help build skills and confidence in the people leading them. "We have learned how to appeal for funds, develop plans and handle those in authority," says Mrs Forrest. "It is an entirely new experience."

A tale of two-speed development

By Vanessa Houlder

The furore that greeted last week's announcement by the UK government of the route for the high-speed rail link between London and the Channel tunnel had a curious precedent in France.

When plans for the French line were announced in 1988, enraged citizens of Amiens started buying small plots on the proposed route through Lille, 45 kilometres to the east, in an unsuccessful effort to block the link. Amiens was anxious about its development prospects if it lost its position as a stop on the London-Paris route, which it has held for some 150 years.

The protest symbolises the different approaches to development on the French and British sides of the Channel. While concern for the environment has dominated the debate about the rail link in the UK, the Nord-Pas-de-Calais region, has focused its attention on the development possibilities.

Its enthusiasm is understandable. Although Lille, the fourth-largest city in France, has a strong financial services industry, the decline of the region's coal and textile industries has created high unemployment and left large areas of dereliction.

This north-west corner of France is often compared with the UK's industrial north-east, rather than Kent, the prosperous "garden of England". But north Kent is facing an erosion of its prosperity. The region embracing Dartford, Gravesham, Rochester-upon-Medway, Gillingham and Swale, has suffered from a decline of traditional industries and from poor communications, pushing unemployment levels above the national average.

Last week's decision by the government to ignore British Rail's favoured route through mid-Kent and south London, and to go for a route further north has generated optimism, even euphoria, about the prospects for development and jobs in north Kent. However, the drawn-out timetable – the British link is not expected to be completed until well into the next century – has raised doubts about how quickly the UK will be able to take advantage of the tunnel.

Admirers of the French system point to more land, cheaper prices, a more decisive planning system and quicker trains. "The fact that the TGV (*train à grande vitesse*) rail route is scheduled for simultaneous completion with the tunnel provides a stark contrast to the British case and places Nord-Pas-de-Calais in a better position to attract new commercial growth," says Mr Steve Mallen of Knight Frank Kolpron Research, part of the chartered surveyor. He reckons that Stratford, east London, the site of the international passenger terminal, is at the same stage as Lille was five years ago.

Mr Mallen is impressed by the positive attitude of the local authority, which avoids the delays that characterise UK development. The process of making compulsory land purchases is easier in France than in the UK because the local authority has greater powers and compensation exceeds market value.

That said, attitudes vary dramatically between authorities. The communist council of Calais was critical of the UK speculators who scoured the region for development sites a few years ago. The few UK companies that won planning permission, such as Arlington Securities which is building an office, retail and trade development on the outskirts of Calais, were required to make significant amendments to their plans.

The claims made by the Nord-Pas-de-Calais region go beyond the cost advantage or the head start it has over its counterpart in England. The French put a heavy emphasis on the region's position as an important crossroads. Lille likes to describe itself as a "Euro-city", a junction where more than 50 TGVs per line cross on their way to or from Paris, London, Brussels, Amsterdam and Cologne every day.

One of the largest projects to attempt to exploit Lille's position as a transport hub is Euralille, a public/private sector company developing a FFr700m (£70.85m) office and shopping complex on a disused military fortification in the east of the city. It will have 2.5m sq ft of offices, hotel and shops and is expected to be finished by mid-1994.

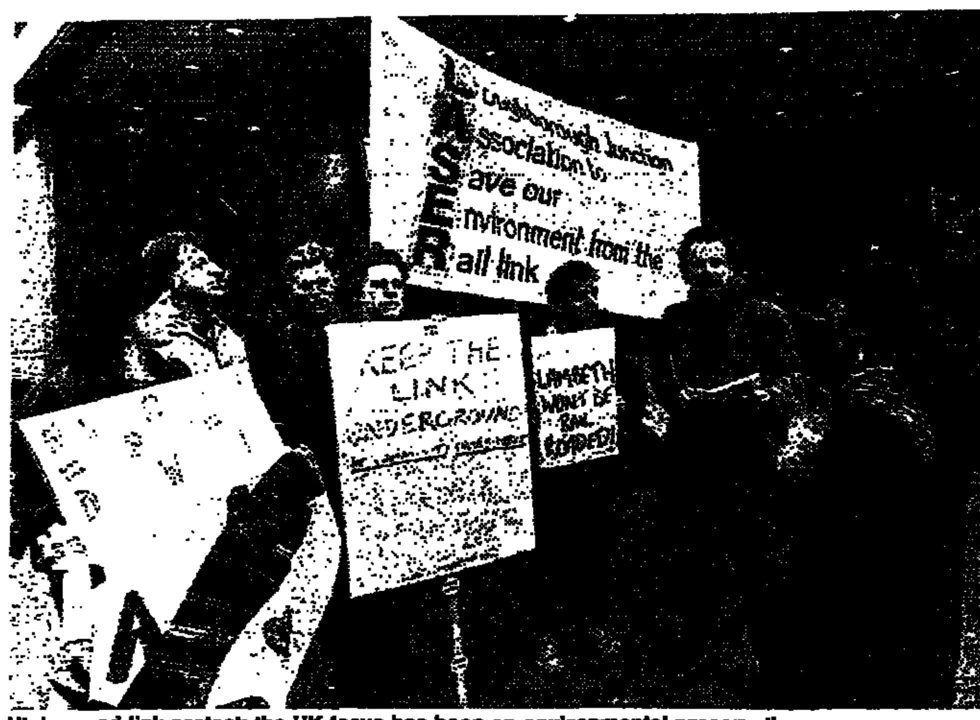
Lille has expanded rapidly in recent years and some commentators question if Euralille has taken on more than it can manage. No such doubts are entertained by Mr Michel Harrus, commercial director of Euralille, who believes the project will attract international companies.

Although a business may keep its headquarters in London, Brussels or Paris, he thinks companies may choose to move part of their operations to Lille, where office prices are four to six times less than in London or Paris. "You can meet in Lille, bringing people from London, Paris, Brussels and Cologne," he says.

Mr Alain Bertrand, managing director of Eurotunnel, shares the view that the French side of the Channel will score points where internationally-minded companies are concerned. "England is a bit far from the Netherlands and Belgium where key decisions are made," he says.

Eurotunnel is developing part of the Channel tunnel terminal at Calais, which will be almost as large as the town of Calais itself. It is planning a 1m sq ft retail, leisure and hypermarket centre, which will open in 1994. This will be followed by two hotels and a 5m sq ft industrial park.

Mr Bertrand expects the scheme to attract investors "like a magnet". He says: "It is the French side of England."



High-speed link protest: the UK focus has been on environmental preservation

While he concedes that offices are unlikely to cluster around the tunnel's termini, he thinks that light industrial or distribution businesses will leap at the opportunity to serve several European markets from one place.

On the UK side of the tunnel, developers have been just as energetic, but land is more scarce and planning permission is more difficult to obtain. Eurotunnel Developments, part of Eurotunnel, is building a £40m scheme called Cheriton Parc at Folkestone, a hotel, golf course and houses at Dover and a hypermarket, and distribution depot just outside Ashford in Kent, which will be an international passenger station.

Eurotunnel Developments has just signed an agreement to co-operate on approach roads with European Land, Imry Merchant and the Church Commissioners which want to build "Ashford Great Park", a large mixed development.

The real significance for developments along the Channel tunnel route may, however, lie further north – on the stations at King's Cross, Stratford, and possibly at Medway. These areas have the greatest potential for office and retail developments.

Schemes are already on the drawing board, in some cases with planning permission. But unlike France, the time it will take to build the infrastructure and realise the development potential can only be guessed at.

TOTAL RETURN (%)

	Retail	Office	Industrial	All Properties
Year to Aug 91	−2.0	−10.3	1.5	−4.7
Quarter of Aug 91	0.8	−2.2	2.3	−0.1
Month of Aug 91	0.3	−0.4	0.9	0.2

Investment Property Databank

INTERNATIONAL PROPERTY

هكذا منه للأصل

TECHNOLOGY

Shortcut to setting the video

The video cassette recorder is now firmly established as a feature of modern life, blighted only by the large number of owners who do not know how to use them.

Gemstar of the US introduced a hand-held device to American VCR users last year, aimed at making recording simpler. Their product, Video Plus, will be launched in the UK in early December.

Instead of programming the video to record a programme, owners of Video Plus key in a short code. The code, obtainable from a magazine or newspaper's TV listings page, tells the VCR what time to begin recording, what channel to record and when to switch off. The date and time generated by the code are displayed on a small screen on the device.

The gadget, which is battery-powered, has its own clock. The user does not even have to know how to set the VCR's clock. As long as the VCR is plugged in, the owner does not even have to know how to switch it on. After keying in the code, the user presses one of three buttons marked "once", "daily" or "weekly". This allows users to record single broadcasts, daily programmes, such as soap operas or the news, or a series shown once a week. At the time programmed, the Video Plus device uses an infra-red signal to switch the recorder on.

Gemstar says it has concluded agreements with News International and Mirror Group Newspapers to publish the codes alongside their listings. The codes will also be carried by TV Times.

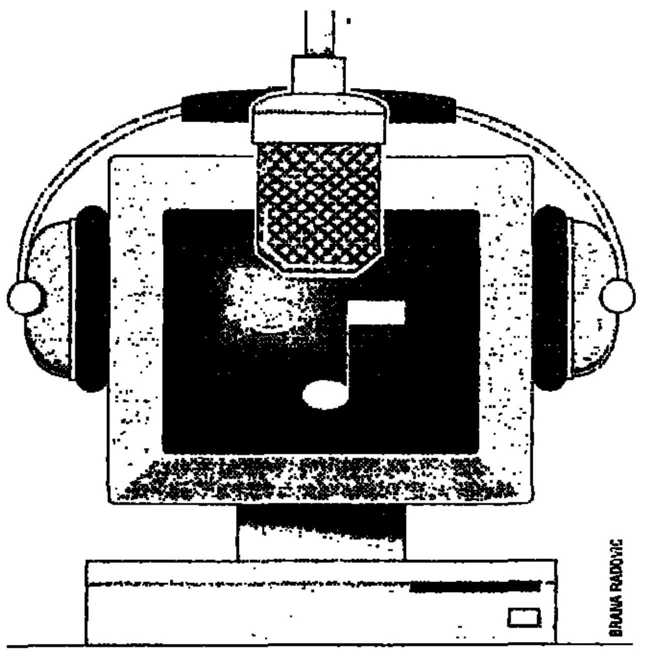
Video Plus, which will sell for £60, works with almost all makes of VCR and satellite receiver but has to be programmed before it can be used for the first time. The initial programming is not complicated, but retailers will presumably be able to help buyers who find the task confusing.

There is one other problem. This is the season when the time changes. Owners of Video Plus would have to change its clock. It's not dificult, though. No harder than programming a VCR.

Michael Skapinker

Tim Lawrence on software being used by radio stations to tailor programmes and attract listeners

A new age in music


BRANA RADOVIC

Engelbert Humperdinck, the male vocalist who had a string of love song hits in the late 1960s and early 1970s, has a strictly limited appeal. Many women aged 45 and over go weak at the knees when they hear him, but men and younger women would struggle if they had to choose between listening to his "eternally yours" brand of music or having an earache.

That discovery was made by Robin Valk, head of research at the Midlands Radio Group, after extensive research into audience taste. As a result, Humperdinck is played on Xtra, Birmingham's independent "golden oldie" radio station, between 10 am and 3 pm, when the audience is largely female and at least 45 years old.

Research into listening habits is not new, but the degree to which it is now being carried out by commercial radio stations such as Xtra and its youth-oriented FM equivalent, BRMB, is unprecedented outside the US.

A new series of computer software packages has made the development possible. Programme managers at commercial stations believe they can attract higher audiences by using the software to find out who listens when and what they want to hear.

The software in question is made almost entirely by Radio Computing Services, a US radio computer software company. Its Selector package consists of a music-scheduling system which programs records according to numerous categories, including mood, tempo, era, style and how a record starts and ends. It provides in seconds a comprehensive list of records which fit any chosen combination, making it easy to produce a "consistent" sound; and it prevents records being played too often or at inappropriate times.

RCS's other package, called Songtrack, carries out research into audience opinion through an auditorium music test, in which an assembled target group responds to a series of "hooks" – the familiar part of a song.

The BBC claims that what the commercial stations gain in efficiency from such software they lose in originality. Chris Lycett, head of music at Radio One, argues that the use of computer technology has resulted in dull, mechanistic and often awkward record sequences.

"Only a human can assess whether one piece of music runs naturally into another, and only a human can provide variety, colour and richness to a programme," says Lycett.

RCS users argue that the software does not choose the music. Rather, it makes it easier for DJs to identify their audiences more accurately and maintain listener loyalty by selecting their music more consistently. "People turn off when they hear a record they don't like, so it is important to develop a consistent sound," says Mark Story, programme director at Piccadilly Radio in Manchester.

"The computer is only as good as the person who uses it," says Angela Bond, UK representative for RCS. "It's just a tool. Just like you need to know how to use a screwdriver before you use a drill, you need to be a good DJ before you can use the software effectively."

The software can also attract "floating listeners", according to Valk. Radio One's inability to provide a local service was shown by research to be a weakness, so stations such as BRMB played more records by local musicians.

Songtrack also provides commercial radio stations with a regular – often weekly – supply of audience research statistics. The only other source of such research comes from Jicrar, the independent radio audience research organisation, which commissions researchers RSGB to conduct biannual research in which volunteers keep diaries of their listening habits.

The research is important because the decline in singles record sales means that the top 40 chart can no longer be relied on as a taste barometer. Valk says: "A chart hit might sell 500 copies a week in my area. If I played a record on that basis it would be the equivalent of giving Walsall Football Club a mention."

RCS users turn defence into attack with two charges: first, the software prevents "musical evangelism" – when a DJ indulges by playing his favourite music; and second, the BBC uses similar software to program its music.

Radio One says it is proud of its "evangelism", claiming that DJs such as John Peel, who regularly play records by unknown but promising bands, have helped make the British music industry a world leader.

The BBC claims that its computer, called Romeo, is only used to sprinkle "play-list" records between programmes. The list, which includes new releases and current hits, is selected at the beginning of each week by producers and DJs, according to Lycett.

The anecdotal evidence of DJs who have used the software is mixed, with both the the BBC and the independent sector able to put forward converts to their causes.

Story was opposed to the introduction of Selector when he worked at Capitol Radio in London, but he is now a keen advocate of the software and is about to introduce Songtrack at Piccadilly.

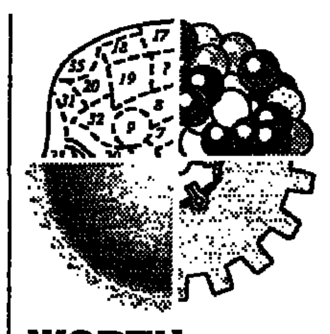
"I felt the software was taking away from the individuality of the programme," says Story. "But commercial radio is there to provide the best service it can for its listeners so any research which takes out the rough edges is good. It may take away the mystique but it makes for better listening."

Bond, who was a pioneer producer at Radio One before she joined RCS, believes that the technology makes the DJ's job easier, without taking away any scope for creativity.

Listening figures remain a matter of contention. Brian West, chief executive of the Association of Independent Radio Contractors (AIRC), the commercial radio trade association, claims that independent radio has increased its audience by almost 35 per cent over the past three years, but Radio One says it has maintained its share of the audience – which it sees as a success given the increasing competition.

The dispute will soon be resolved, with the BBC and the AIRC set to introduce a joint research system called Rajar which will provide a single industry-wide system for measuring listening to all UK radio.

The results may not persuade the BBC or commercial radio to change their stance on the role of technology in selecting records, but they will at least confirm whether the purists or the populists attract more listeners.



WORTH WATCHING
by Clive Cookson

Contact lenses take a breather

CONTACT lenses may damage the eye if they are worn for too long, because they do not allow enough oxygen to reach the cornea. Technology to increase the oxygen flow into the lens has been developed through a joint programme involving Moorfields Eye Hospital in London and the European Centre for Contact Lens Research in Manchester.

The technique, known as microfenestration, uses excimer lasers to part-drill many thousand holes into soft or hard contact lenses. This allows much more oxygen to pass through. The holes are outside the field of vision, so the optical characteristics of the lens are not affected.

Holes have been drilled into contact lenses before. But British Technology Group, which is commercialising the technique, says that it is the first time the holes have been fine enough and sufficiently numerous to give fenestrated lenses market potential.

Computer learns to keep its cool

THE computer industry normally uses liquid cooling to prevent supercomputers overheating. Now the technology has moved down to portable PCs.

Dolch, the Californian manufacturer of high-performance portables, is launching in the US and Europe a MACH (Modular Adaptive Computer Hardware) family of machines cooled by fluorocarbon liquid.

The liquid cooling makes it possible to run the computers in more extreme environments than traditional fan cooling and improves reliability, since heat plays an important role in the deterioration of electronic circuits. An additional advantage is that liquid cooling is nearly silent.

The MACH computers include models with 386 and 486 processors. Their prices are only slightly higher than fan-cooled high-performance portables, starting at $6,000 in the US and £4,000 in the UK.

A last word on credit card fraud

WITH the UK clearing banks pledged to spend £500m fighting credit card fraud over the next three years, the search is on for a cost-effective way to identify card-holders, writes David Barchard.

Zetetic of Nottingham has developed a voice-based identification system which it claims has an error rate of less than one in 10m. When the card is issued, the customer speaks 15 words selected by the computer into a telephone handset, and the facets of his or her voice are recorded.

At the point of sale – or at a cash dispensing machine – the computer flashes five of the pre-logged words on to the screen and the card user repeats them into the microphone to authenticate his identity. The system can be used for monitoring access to computer databases.

Like other proposed card authentication systems, it works mainly on-line, though the principle could be applied to a smart card system. Its error rate is superior to other verification systems such as dynamic signature verification.

Software makes a late arrival

UNISYS, the US computer manufacturer, and the UK arm of management consultants Coopers & Lybrand Deloitte have pooled their expertise in a new attempt to beat one of the most intractable problems in commercial data processing: late delivery of software, writes Alan Cane.

The unpalatable fact is that business strategy is measured in months while systems implementation may take years; software is often delivered too late to take advantage of a business opportunity. This has contributed to the low regard in which data processing is held by management.

The Unisys/Coopers initiative, called Business Solutions Approach, combines Coopers' Summit-S approach to business strategy with a piece of Unisys software called Business Planning Workbench. The workbench, running on a personal computer, provides the automation to support Summit-S. Once the strategy is deemed right and the application system approved, an automatic program generator writes the computer code.

The initiative is already being tested at five UK financial institutions. There are a number of competitive automated methodologies from companies including Texas Instruments and James Martin but none has yet met all the requirements of a "board to code" system.

Multimedia in the classroom

EDUCATION is one of the most important fields for multimedia systems which combine video, text and graphics. A good example is an interactive video disk from Olivetti of Italy, designed to improve the language skills of deaf children.

Alted (Advanced Technologies for the Education of the Deaf) is the result of a co-operative project by Olivetti and Italy's National Research Council.

The Institute for Deaf Children in Rome is using an Alted prototype, based on the theme "Animals of the Savanna". It combines four information sources: film, animated graphics and two narrative texts (in sign language and written Italian).

Olivetti hopes eventually to make Alted available for teaching deaf children in languages other than Italian.

Never too far from a satellite

ON-LINE fax services are proliferating rapidly. The latest is offered by Eutelsat, the Paris-based satellite organisation. Its OLE (On-Line Eutelsat) enables anyone with a fax machine anywhere in the world to obtain operational and technical details about its satellites and the television and radio programmes transmitted by them.

Contacts: BTG: UK, 071 403 6666. Dolch: US, 408 957 6575. Zetetic: 0602 228502. Unisys: UK, 081 453 5250. Coopers & Lybrand Deloitte: UK, 071 212 4732. Olivetti: Italy, 0125 52 22 24. OLE: France, 1 43 21 23 36.

LEGAL NOTICES

Ripest Realisations Limited (formerly Priest Furnaces Limited)

Principal Place of Business:

**High Force Road
Riverside Park
Middlesbrough
Cleveland TS2 1RW**

NOTICE IS HEREBY GIVEN, pursuant to Section 48 (2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named companies will be held at The Quaker Meeting House, 10 St James Street, Sheffield S1 2EW on 25 October 1991 at 12.00 pm for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

No. 007832 of 1991

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF LEICA PLC
-and-
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 7th October 1991 confirming the reduction of the capital of the above named Company from £14,200,000 to £13,270,424.20 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above mentioned Act were registered by the Registrar of Companies on 11th October 1991.

Slaughter and May,
35 Basinghall Street,
London EC2V 5DB

Solicitors for the above named Company

RED DRAGON (TRAVEL) LIMITED

Registered number: 00926981
Nature of business: Travel Agent
Trade classification: 31
Date of appointment of joint administrative receivers: 4 October 1991
Name of person appointing the joint administrative receivers: National Westminster Bank Plc
JOSEPH PATRICK CONSIDINE and Richard Anthony Smart
Joint Administrative Receivers
(Office holder nos 056 and 288) of Cork Gully
Churchill House
Churchill Way
Cardiff CF1 4XQ

LEGAL NOTICES

NOTICE OF MEETING OF CREDITORS
SELECTRANDOM LIMITED
(FORMERLY DOCTUS MANAGEMENT CONSULTANCY LIMITED)
(JOINT ADMINISTRATIVE RECEIVERS APPOINTED)

NOTICE IS HEREBY GIVEN, in pursuance to Section 48 of the Insolvency Act 1986, that a Meeting of Creditors of the above company will be held at The Britannia Hotel, Manchester on 28 October 1991 at 11.00 am for the purposes mentioned in Section 48 and 49 of the said Act.

A person is only entitled to vote at this meeting if:-

(a) details in writing of the debts claimed to be due form the company have been given to us, not later than 12.00 noon on the business day next before the meeting, and;

(b) Such claim has been duly admitted, and;

(c) there has been lodged with us any proxy which is intended to be used on your behalf at the meeting.

Any creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting.

If you wish to participate in the meeting of creditors, would you please forward details of your claim against the company, and any proxy which you wish to be used on your behalf, to the offices of Cork Gully at 43 Temple Row, Birmingham B2 5JT.

In pursuance of Section 48(2)(b) of the Insolvency Act 1986, any creditor wishing to receive a copy of the Joint Administrative Receivers report should apply in writing to the above address.

Dated this 10th day of October 1991

John F Powell
Joint Administrative Receiver

COMPANY NOTICES

NEW KLEINFONTEIN PROPERTIES LIMITED
(Incorporated in South Africa)
Reg. No. 01/00854/06
NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER
PAYMENT OF COUPON NO. 195

Holders of Share Warrants to Bearer are informed that payment of Dividend No. 95 will be made on and after 4 November 1991 after surrender of coupon No. 195, as follows:-

	per share pence
Dividend declared in S.A. currency 46 cents per share = in U.K. currency on 9 October 1991 at R4.8553 = £1 to:	9.47418
S.A. Non-Resident Tax at 15%	1.42112
	8.05306
U.K. Income Tax at 10% (see note)	0.94742
Net Amount	7.10564

Coupons may be lodged with and listing forms may be obtained from:-
R.S. Brunt, P.O. Box 1306
HOCKLEY, Essex SS5 5BQ
All coupons lodged at the Hockley address accompanied by Inland Revenue declarations will be paid at the rate of 8.05306p per share.

AFC INVESTMENTS LIMITED,
London Secretaries.
16 October 1991 per: R.S. Brunt

NOTE: The rate of S.A. Non-Resident Shareholders' Tax applicable to this Dividend is 15% and relief for this has been given by deducting U.K. Income Tax at the rate of 10% instead of at the basic rate of 25%.

BUSINESSES FOR SALE

Armour Barpak Limited (In Receivership)

The Joint Administrative Receivers, Richard Rees and Alan Barrett of Price Waterhouse, offer for sale the business and assets of Armour Barpak Limited, independently or as a whole. The business is located on three self-contained sites and comprises:

TECHNICAL DIVISION
Grantham

- 4.5 acre/80k sq.ft. freehold factory.
- Supplier of specialist design and packaging services for MOD.
- Annual turnover £2.9m.
- MOD AQAP1 approval.
- Advanced Texikoon polymer film enclosure system.
- 57 employees.

Coventry

- 0.6 acre/19k sq.ft. freehold factory.
- MOD AQAP1 approval.
- Contract packing for MOD and motor industry.
- Annual turnover £1.0m.
- 18 employees.

COMMERCIAL DIVISION
Leeds

- 6.5 acre/70k sq.ft. long leasehold factory.
- Manufacturer of plywood/timber cases.
- Annual turnover £4.1m.
- Unique 'No-Nail' case making process.
- 19 employees.

Interested parties should contact:
Richard Rees at Price Waterhouse, 76 Milton Street, Nottingham NG1 3QY. Tel: (0602) 419321. Fax: (0602) 472660.
Bohdan Skrypec at Armour Barpak, Grantham. Telephone: (0476) 62323. Fax: (0476) 84858.
Mark Hambling at Armour Barpak, Leeds. Telephone: (0532) 494444. Fax: (0532) 350065.

Price Waterhouse

Public House/Restaurant

Lancashire

The Joint Administrative Receivers of Cumberwell Limited offer for sale as a going concern the business of a public house/restaurant and surrounding land, briefly comprising of:

- Freehold land with potential for development.
- Public house/restaurant constructed approximately two years ago, situated alongside the Leeds/Liverpool canal near Preston, Lancashire.
- Chandlery shop let until November 1995.
- Moorings for 36 boats.
- Turnover in excess of £300,000 per annum.

For further details contact the Joint Administrative Receiver, Mike Seery, KPMG Peat Marwick, Edward VII Quay, Navigation Way, Ashton-on-Ribble, Preston PR2 2YF.
Tel: 0772 722822. Fax: 0772 736777.

KPMG Corporate Recovery

Textiles: Early's of Witney PLC

(In Receivership)
Witney, Oxfordshire

The opportunity has arisen for the acquisition of the business and assets of Early's of Witney plc as a result of receivership.

- Manufacturer of blankets and bedlinen.
- Annual turnover of £6m.
- Highly respected trading name established in 1669.
- Extensive order book from blue-chip clients.
- Freehold property in Oxfordshire.
- Skilled workforce.

For details please contact the Joint Administrative Receiver, MD Gercke FCA of Price Waterhouse, Thames Court, 1 Victoria Street, Windsor, Berkshire SL4 1HB.
Tel: (0753) 868202. Fax: (0753) 864826.

Price Waterhouse

Textiles: John Cockcroft & Sons Ltd

(In Receivership)
Todmorden, Lancs.

The opportunity has arisen for the acquisition of the business and assets of John Cockcroft & Sons Limited as a result of receivership.

- Manufacturer of woven fabrics.
- 40 modern Dolby and Jacquard looms.
- Freehold property of 50,000 sq. ft. on 2 acres of land.
- Annual turnover of £2m.
- Skilled workforce.

For details please contact the Joint Administrative Receiver, MD Gercke FCA of Price Waterhouse, Thames Court, 1 Victoria Street, Windsor, Berkshire SL4 1HB.
Tel: (0753) 868202. Fax: (0753) 864826.

Price Waterhouse

On the Instructions of John Richards, Joint Administrative Receiver of Mangogem Ltd and Vastmain Ltd, Christie & Co. are pleased to offer for sale:

The Belgrade Hotel
Stockport, Cheshire

146 en suite bedrooms. Restaurant (80). Ballroom (400). Bars (50). Meeting rooms (8 to 60). Airbus link to Manchester Airport. Car parking (250). Turnover for 31 weeks to June 30th 1991 – £375,885.
Offers in excess of £1,600,000
Freehold and part long leasehold
Contact Joint Sole Agents, Christie & Co, Manchester Office. Julian Troup, Tel: 061-833 3311, or Richard Ellis, London Office. Simon Fairfax Tel: 071-629 6290, and separately

The Mildenhall Hotel
Kings Lynn, Norfolk

Well situated town centre hotel with 47 en suite bedrooms. Restaurant (50). Bar (30). Function room (120). Car parking. Turnover for 35 weeks to 31st July 1991 – £250,819.
Offers in excess of £500,000 Freehold
Contact Tim Gooding in Ipswich on 0473 256588.

Alternatively contact Paddy Jeffries, Corporate and Acquisition Division, London. Tel: 071-486 4231. Fax: 071-937 4032.

Touche Ross

CHRISTIE & Co
CORPORATE & ACQUISITION

BUSINESS FOR SALE

The Joint Administrative Receivers offer for sale the business of a leading market research organisation.

The business comprises:-

- Blue-chip customer list
- UK and international divisions
- Turnover approximately £4.7 million
- Leasehold premises WC2
- Fixtures, fittings, motor vehicles, etc.
- Highly skilled and dedicated research teams

Interested parties should contact the Joint Administrative Receivers. Reference L3444Q. Telephone 071-267 4477. Fax 071-485 1486

LEVY GEE

WASTECARE LTD

The Joint Administrative Receivers, Paul Finn and George Stein, offer for sale the business and assets of the company which operates a waste transfer station.

- Waste disposal licence for leasehold site with substantial covered area in Shipley, West Yorkshire
- Credit customer turnover Jan 91–June 91 £306,000
- 6 jumbo, 164 midi, 110 mini skips and sundry equipment
- 9 employees
- Vast potential

For further details please contact:

Paul Finn, Kidsons Impey, Spectrum House, 20-26 Cursitor Street, London EC4A 1HY, Tel: 071 405 2088, Fax: 071 831 2206
or
George Stein, Kidsons Impey, Barclays House, 41 Park Cross Street, Leeds LS1 2QH, Tel: 0532 422666, Fax: 0532 422038

KIDSONS IMPEY
Chartered Accountants

WINDOW MANUFACTURER

AND INSTALLER. Business and business assets for sale on going concern. Turnover £6m+, ongoing contracts, leased premises and skilled workforce.
Write to Box H9133, Financial Times, One Southwark Bridge, London SE1 9HL.

BUSINESS AND ASSETS

Of solvent and insolvent companies for sale. Business and Assets.
Tel 071 262 1164
(Mon - Fri)

By Order of the Joint Administrative Receivers R Robinson Esq F.C.A. F.I.P.A. and R W Traynor Esq A.C.A. of Buchler Phillips & Traynor
Re: Impact Precision Tools Ltd

TOOLMAKERS TO THE MOULD AND DIE CASTING INDUSTRIES

- Component and tool design
- Tool manufacture capacity 2 tons
- Wide customer base
- Skilled workforce including toolmakers
- Modern freehold factory approx 6800 sq ft on 1/2 acre site
- Plant and machinery including EDM's
- Turnover y/e to March 1991 £439,000 approx

BUSINESS & ASSETS FOR SALE
Contact Ref: RJO

ES&P
EDWARD SYMMONS & PARTNERS
Rational House, 64 Bridge Street, Manchester M3 3BN
Fax: 061-832 2571
LONDON • MANCHESTER • LIVERPOOL • BRISTOL • SOUTHAMPTON
Tel: 061-832 8454

PAUL ROSE GROUP

The Joint Administrative Receivers offer for sale the business and assets of the trading companies of the Group which operates as a commercial and financial printing house with in-house distribution and print finishing.

- Consolidated turnover c. £2.25m per annum
- Budgeted 12 months pre-tax profit c. £146,000
- State of the art, Macintosh based, electronic publishing with Japanese (Kanji) section
- Heidelberg presses with Muller Martini bookbinding and Stahl Folding machines
- Well established and extensive customer base
- Leasehold premises in Covent Garden and Bermondsey

For further details please contact:
Paul Finn or Patrick Wadsted
Kidsons Impey, Spectrum House
20-26 Cursitor Street, London EC4A 1HY
Tel: 071 405 2088
Fax: 071 831 2206

KIDSONS IMPEY
Chartered Accountants

LEGAL NOTICES

NOTICE OF MEETING OF CREDITORS
DOCTUS (EUROPE) LIMITED
(JOINT ADMINISTRATIVE RECEIVERS APPOINTED)

NOTICE IS HEREBY GIVEN, in pursuance to Section 48 of the Insolvency Act 1986, that a Meeting of Creditors of the above company will be held at the Britannia Hotel, manchester on 28 october 1991 at 11:00am for the purposes mentioned in Section 48 and 49 of the said Act.

A person is only entitled to vote at this meeting if:-

(a) Details in writing of the debts claimed to be due from the company have been given to us, not later later than 12:00 noon on the business day next before the meeting and;
(b) Such claim has been duly admitted and:
(c) There has been lodged with us any proxy which is intended to be used on your behalf at the meeting.

Any creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting

If you wish to participate in the meeting of creditors, would you please forward details of your claims against the company, and any proxy which you wish to be used on your behalf, to the offices of Cork Gully at 43 Temple Row, Birmingham B2 5JT.

In pursuance of Section 48(2)(b) of the Insolvency Act 1986, any creditor wishing to receive a copy of the Joint Administrative Receivers report should apply in writing to the above address.

Dated this 10th day of October 1991
John F Powell
Joint Administrative Receiver.

WALLACE INTERNATIONAL LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at Shelley House, 3 Noble Street, London EC2V 7DQ at 2.00 pm on 31 October 1991 for the purpose of having laid before it a copy of the report prepared by the administrative receivers under section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting. Other creditors are only entitled to vote if:

(a) they have delivered to me at the address shown below, no later than 1200 hours on 25 October 1991 written details of the debt they claim to be due to them form the company and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with me any proxy which the creditor intends to be used on his behalf.

Date 9 October 1991

C J Barlow,
Joint Administrative Receiver
Cork Gully,
Shelley House,
3 Noble Street,
London,
EC2V 7DQ

CHAIN OF INDOOR LEISURE CENTRES FOR SALE

Established business with £2million+ in turnover and 8+ locations. National geographic coverage.

Sports facilities: Five-a-side football, Indoor cricket, Indoor netball, Indoor bowls, Potential for others - aerobics etc...

Leisure facilities: Fully licenced bar, Gaming machines, Fast food facilities, Function rooms.

Excellent potential for corporate sponsorship and sports merchandising. Will consider selling individual centres.

Principals only call for details from Lynne-Irving Andrews
Tel: 071 409 2339.

FOR SALE

An unusual opportunity to acquire a popular established and profitable restaurant business in leasehold premises together with a freehold cottage close by in the heart of one of the historic cities of the West Midlands for £210,000.
The 15th century cottage is fully modernised with three bedrooms and an attractive walled garden to the rear.
For further information, please write Box H9134, Financial Times, One Southwark Bridge, LONDON. SE1 9HL.

FOR SALE

Manufacturers of quality play products in growth leisure and education sectors. Est.10 yrs. T/O £500k+, GM 49%.

Esp. suit management buy-in with strong selling capabilities.

Write Box H9149, Financial Times, One Southwark Bridge, London SE1 9HL.

Company For Sale

Dormant, clean company with ACT capacity of £3 6m. Ready for quick sale. Fixed and/or contingent offers considered.
Write Box H9115, Financial Times, One Southwark Bridge, London SE1 9HL.

MANAGING FOR RECOVERY

The FT proposes to publish this survey on December 5th 1991
With signs that the UK recession is coming to an end and that economic recovery is on its way The Financial Times will take an in-depth look at the problems that this will create and the areas which will require special attention to ensure a company's survival. If you want to reach the estimated 1 million readers in 160 countries worldwide who will read this survey, please contact Sara Mason on 071 873 3349 or Fax 071 873 3064

FT SURVEYS

ART GALLERIES

ROY MILES GALLERY,
29 Bruton St., W1.

Works by Tyshler and other Russian Masters now on view.

COMPANY NOTICES

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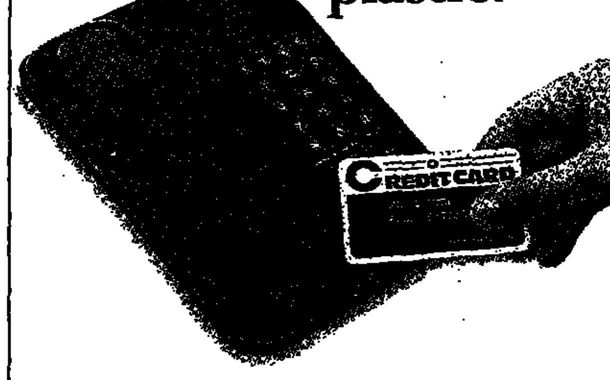

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HB

MANAGEMENT

Data General

Signs of daylight emerge after Eclipse

Louise Kehoe reports on the outcome of a radical restructuring at the US computer group

After four years of heavy losses, Data General has risen from the ashes as a "born-again" computer manufacturer with a revamped product line, new management and a vastly reduced cost structure.

Only a year ago, many financial analysts had written off the company as a "has been" – a relic of the minicomputer boom of the 1970s that failed to keep pace with computer industry trends in the 1980s.

Now three consecutive profitable quarters have suggested to industry watchers that Data General is staging a comeback that is virtually unprecedented in the history of the computer industry.

Data General's turnround strategy, orchestrated by Ronald Skates, president and chief executive, may also become a model for other beleaguered computer companies as the industry adjusts to fundamental technology and economic changes that are undermining the business models of the past decade.

The difficult adjustment that Data General has made over the past five years may sooner or later be forced upon many other computer companies, Skates predicts. "We had to cut the company in half. We have gone from 17,700 employees to 8,500. We have sold off facilities – reducing manufacturing facilities from 5m to about 2m square feet."

The result, however, has been to reduce the company's breakeven to $260m in revenues per quarter, from about $365m five years ago.

Data General's cost-cutting measures have involved radical surgery including the recent sale of the company's Japanese subsidiary and the closure of five of its US manufacturing facilities. This has not, however been a corporate "hatchet job". Instead, the company has shrunk its operations in phases, taking heavy restructuring charges in each of the past four years.

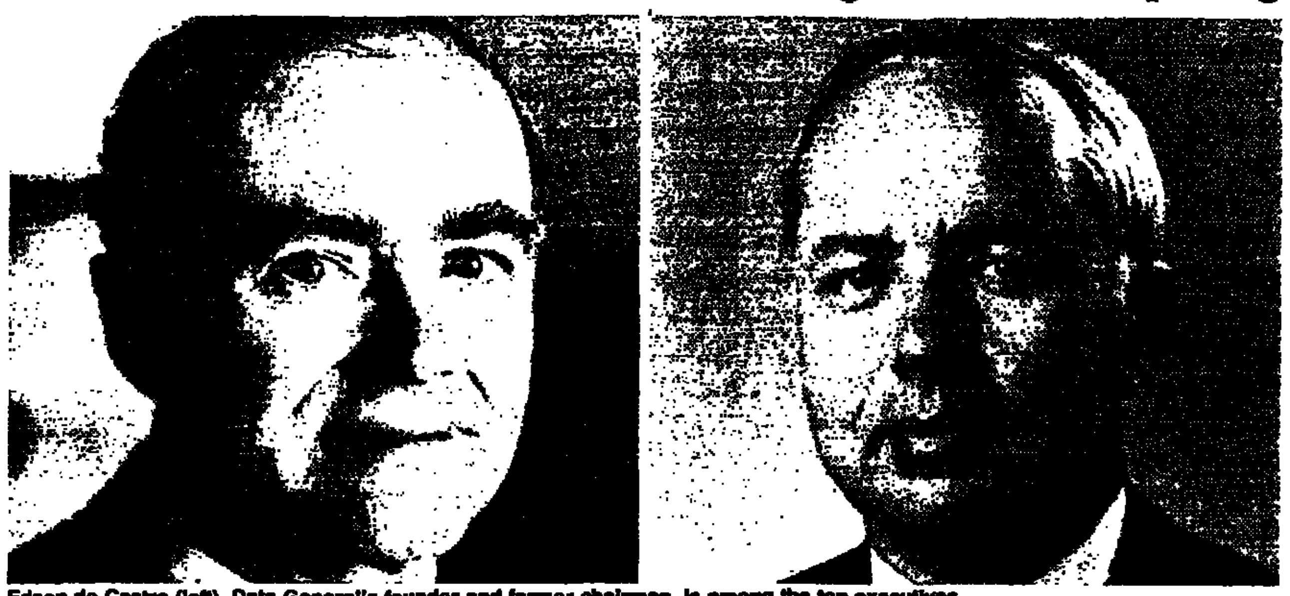
While it was evident all along that deeper cuts would be needed, "it would have wrecked the company to do it all in one go," Skates maintains.

Even so, the process was painful. "The culture of Data General had to change, but many people who had been with the company for years were not able to make the transition. It was not their fault," says Skates.

Twenty-six of the 29 corporate officers who were with the company five years ago have left. Chief among them, Edson de Castro, Data General's founder and chairman, departed at the end of last year.

After all this trauma, Data General has emerged with "a balance sheet as good as any in the industry," Skates claims.

Skates – a former Price Waterhouse audit partner – joined Data General almost five years ago as senior vice president of finance and administration and was appointed president and chief executive in late 1989.



Edson de Castro (left), Data General's founder and former chairman, is among the top executives to have left the company; Ronald Skates is now president and chief executive

Persuading customers that the company is financially sound is vital to winning new business, but Data General has also overhauled its product strategy.

"Five years ago we had a proprietary product line that was as good as any other in the business, but the company was not focused on the market. We did not have a strong base of applications software for our machines, so we were not getting opportunities to bid for business," says Skates.

As well as attempting to bolster flagging sales of its established products, however, the company latched onto the growing trend toward "open systems" based on off-the-shelf RISC (Reduced Instruction Set Computing) microprocessor chips and industry-standard software.

With its new Aviion line of products, Data General is focusing on the "server" segment of the computer market for mid-range computers that are linked to networks of personal computers and workstations.

Data General recognised, earlier than some of its competitors, that computers built with standard components would be significantly cheaper than proprietary systems. "The key issue was price," says Skates, although "open systems" – or the ability to link different types and brands of computers together – was a selling tool.

The open systems trend has given Data General a chance to leapfrog competitors and position itself at the leading edge in an emerging market. "That might not be possible in most industries," Skates observes, but the rapidly changing structure of the computer industry has created an opportunity that Data General aims to exploit fully.

While developing and beginning the marketing phase of its new open systems products, Data General had to counter impressions both outside and within the company that its proprietary minicomputer product lines were headed for extinction.

Skates handled internal scepticism by forming a separate business unit last year which was responsible for development and marketing of the company's proprietary products.

He appointed a key executive from the Aviion project to head the new Eclipse business unit. "That told our people that we are serious," he says.

External perceptions are harder to influence, but Skates regularly emphasises that the company's largest research and development project is currently aimed at creating a new top of the line Eclipse minicomputer.

"We cannot afford not to invest in the Eclipse business," says Skates. Yet, as sales of the Eclipse line continue to decline, albeit at a moderate rate over recent months, it is clear that Data General's future revenue growth depends on the success of its Aviion open systems products.

The past four years have been tough for Data General, and Skates is under no illusion that the company is out of the woods. "Our job is only starting. We have to execute, build revenues," he says. The company's focus is switching from product development to marketing, which Skates acknowledges has been its weak suit in the past.

In March, Data General began an advertising and promotion campaign to kick off its marketing push. Skates has established separate sales and marketing groups for the Aviion and Eclipse product lines. He has recruited several marketing specialists and built a new sales force to focus on the open systems products.

That was essential, he says, because "success in the old proprietary world does not ensure success in open systems. It is a new world.

"The issue for Data General today is to get a chance to show our products to potential customers," says Skates.

"If we can get a foot in the door, we will have our share of successes," he believes.

"Even if we could get just one per cent of the open systems business, that would be great, that would put Data General on a growth path."

Why BPC put total quality out to tender

Simon Holberton reports on benefits derived by the client and subcontractor when building a greenfield plant

If you had a £250m greenfield chemical plant to build, would you hire a project management contractor to oversee its design and construction, or would you do it yourself?

This was a question which faced executives at BP Chemicals (BPC) recently and they decided to do it themselves.

BPC are believers in, and practitioners of, total quality management (TQM); they decided that they would work only with contractors who embraced TQM and with those contractors jointly managing the "process design" and the detailed "engineering design and procurement" of a £250m ethylene plant in Scotland.

According to a recent study published by the European Construction Institute*, the decision of BPC to manage its own project was novel. Yet it was a decision that flowed from the company's earlier embrace of TQM; it had given the company the confidence to realise that it was able to deal with the various stages and functions – from the initial definition of the project through to the construction and commissioning phases – involved in such a complex project.

Stone & Webster Engineering, the successful contractor, was happy to submit itself to TQM. It decided not to choose the route that BPC had taken in TQM – the hiring of Crosby Associates, a TQM consultancy – but, having evaluated the alternatives, alighted upon a consultant, A Mitchell Associates, in July 1989, two months after having been awarded the contract.

A TQM steering committee was established. At the same time Mitchell carried out a "culture review" of the company by asking staff for their opinions which, in turn, was followed up by a two-day senior management workshop to review the findings.

By October 1989, Mitchell had embarked upon a SWOT (strengths, weaknesses, opportunities and threats) analysis of the company "aimed at clarifying the company's position and helping it to develop a direction and implementation plan for TQM".

Next came the selling of TQM to Stone & Webster's staff. It was decided to set up pilot "quality improvement teams" to work on six projects which would act as real examples of TQM in action. By January 1990, selective training of 10 team leaders was under way and the steering committee had identified 40 quality improvement projects.

"This list was cut down to 14 on the merit of their internal visibility, their likely success and also their relevance to the project and BPC. The idea was to build confidence among Stone & Webster employees and indeed BPC of the success of the TQM implementation," the ECI report observed.

The team leaders assembled teams, each of which was "sponsored" by a member of the steering committee. By April, results had started to flow. For example, requisition documents for the new BPC plant had been reduced by 400 sheets and six man-hours of work – a saving of £5,000. Other improvements included: better communications between management and employees; the development of a customer complaints procedure; a simplified system for reporting problems; and simplifying the records' archive.

"These pilot schemes were used to demonstrate the validity of TQM and, as a result, further quality improvement teams have been established on a volunteer basis and improvements made in some key areas: estimating – the development of a formalised estimating system; graduate training – including induction training and starter packs for general document procedures; and, design feedback."

Parallel to Stone & Webster's implementation of TQM was the project itself. It was jointly managed through a joint steering committee, formed in August 1989. This six-man committee headed an interlinked array of joint work groups and "internal" work groups spanning the full width and depth of the project. The network encouraged inter-company communications as well as inter-functional communication both up and down the hierarchy and across it.

In January 1990 the two companies held their first joint work group meeting at which managers were encouraged to discuss their problems openly. Through a series of meetings, 19 "milestones" were jointly agreed. These specified when and how things would be done and how much they would cost. The shared management structure also helped reinforce joint training exercises aimed at promoting the ideals of TQM project-wide.

So what was learned? Executives from both companies reported to ECI a number of successes: the agreement on milestones stood out as important; so too did the two companies' ability to form a joint steering committee and works group to manage the project. Both cited improved communications and a more motivated workforce as positive outcomes as well.

European Construction Institute, Report of the Total Quality Management Task Force, Stage One, from: ECI, Loughborough University of Technology, Loughborough, Leicestershire, LE11 3TU. Tel: 0509-222 620.

FT LAW REPORTS

Sham conveyance issue can be tried

ROSSEEL NV v ORIENTAL COMMERCIAL AND SHIPPING (UK) LTD AND OTHERS
Court of Appeal (Lord Justice Parker, Lord Justice Stuart-Smith and Lord Justice Mann): October 8 1991

THE BURDEN of showing that a charging order *nisi* over property should not be made absolute to secure a judgment debt, lies with the person who seeks its discharge. And accordingly, where his claim on its face is highly suspect the court will exercise its discretion to order an issue to be tried as to the verity of his disputed affidavit evidence before deciding whether he has shown cause for discharge of the order.

The Court of Appeal so held when allowing an appeal by the plaintiff, Rosseel NV, from Mr Justice Warner's decision to discharge a charging order *made ex parte to secure a judgment* debt against the defendants, Oriental Commercial and Shipping (UK) Ltd, Mr Abdul Hamed Bokhari and Oriental Commercial Shipping Ltd, over property allegedly owned beneficially by Mr Bokhari.

LORD JUSTICE PARKER said that on April 11 1984 a *$4.2m arbitration award was* made in New York in favour of Rosseel against three respondents of whom Mr Bokhari was one.

On October 5, Mr Justice Steyn gave leave to Rosseel to enforce that award in the same manner as a High Court judgment.

On February 20 1991, on Rosseel's *ex parte* application, Mr Justice Harman made a charging order *nisi* in respect of a property called Jaybelle Grange in West Sussex, the beneficial interest in which, Rosseel contended, was vested in Mr Bokhari.

That order was made pursuant to section 1 of the Charging Orders Act 1979 and Order 50 rule 1 of the Rules of the Supreme Court.

On March 20 1991, Mr Justice Warner discharged the order on the application of members of a family by the name of Hitta who claimed to be legal and beneficial owners of the property.

Rosseel appealed.

Section 1 of the 1979 Act empowered the court to impose a charge on a judgment debtor's property, to secure payment of money due.

Section 2 provided that a charge might be imposed on (a) any interest "held by the debtor beneficially" in land; or (b) on any interest held by a trustee in land, "if the whole beneficial interest is held by the debtor unencumbered and for his own benefit".

It was Rosseel's case that although the Hittas were owners of the legal title to Jaybelle Grange, the whole beneficial *interest was held by Mr Bokhari* unencumbered and for his own benefit.

RSC Order 50 rule 1(2) provided that an *ex parte* charging order over a judgment debtor's beneficial interest should specify a time for "further consideration of the matter" and impose the charge until that time. Order 50 rule 3(1) pro*vided that on that "further* consideration" the court should either make the order absolute with or without modifications, or discharge it.

When the further consideration came before Mr Justice Warner evidence had been filed on behalf of the Hittas, that (i) on March 25 1990 the then legal and beneficial owners of the property, Mr *Bokhari's* wife and children, had contracted to sell it and its contents to the Hittas for £250,000; (ii) they had immediately transferred the property to the Hittas, receiving then and there the equivalent in Saudi Arabian Riyals of £250,000; and (iii) the entire transaction, namely the signing of the contract, execution of the transfer and delivery and receipt of the cash, had taken place at the British Consulate General in Jeddah, in the presence of Mr Matthew Oakley, a British Proconsul.

Rosseel filed an affidavit to show that the transfer to the Hittas and two earlier transfers were shams and that the beneficial ownership had remained with Mr Bokhari throughout. The earlier transfers were from him to his wife, and from her to herself and her children.

Before Justice Warner, Mr Millett for Rosseel sought an order *that an issue be directed* as to the beneficial ownership of the property in order that the Hittas and Mr Bokhari and his family might be cross-examined. For the Hittas Mr Crawford contended that the judge had no power to direct an issue to be tried.

The judge held he had a discretion to direct an issue to be *tried. He declined to exercise it* and discharged the order.

His conclusion that he had power to direct an issue was clearly right.

Mr Crawford submitted that where there was a factual dispute, the order should be discharged and the judgment creditor left to litigate the matter in other proceedings.

That could not be accepted.

The burden of showing cause why an order *nisi* should not be made absolute was on the judgment debtor. That was held by the Court of Appeal in *Roberts Petroleum v Kenny [1982] 1 WLR 301,307*, and followed in any event from the rules themselves.

A third party claimant was *plainly under a like burden.* He appeared to show cause.

If Mr Crawford was right, and there was a disputed issue of fact which could only be resolved by trial of the issue, the claimant must fail, for he would not have discharged the burden of proof.

That would be as unjust to a judgment debtor or a third party claimant as the reverse would be to the judgment creditor.

Where there was a real dispute it was necessary, in order to do justice, that an issue should be tried. The court could, in the exercise of its power to regulate its own procedure, direct such an issue.

The judge said some of Mr Millett's points gave rise to a strong suspicion that the transaction was a sham; that some of the points as to reliability of the Hittas' affidavit evidence were powerful ones; and that *"all these matters do raise a* serious doubt in one's mind as to whether the transaction was genuine".

Bearing in mind that the burden was on the Hittas, the judge, having taken such a view of the evidence, could, had he been asked to do so, have made the order absolute.

He went on, however, to con*sider what might happen if he* did direct an issue and Rosseel was able to obtain evidence from Mr Oakley.

He said it was highly improbable that Mr Oakley would say the cash was not handed over "because I do not suppose that the Hittas and Mr Bokhari would have had the temerity to depose to the fact *that the cash was handed over* in the presence of the British Proconsul unless it had been". He concluded that if the Hittas were telling the truth it would be oppressive to give them the option of either coming to be cross-examined or having inferences drawn against them.

He said he had to bear in mind that the order sought by *Mr Millett* should only be made if there was a reasonable chance that it would do some good; and that he had to bear in mind that if the Hittas were telling the truth such an order would be oppressive.

Weighing those factors, he concluded he should discharge the charging order *nisi* without further ado.

It appeared that the judge overlooked the fact that the burden was on the Hittas.

It could not be accepted that the direction of an issue would be hardship on the Hittas. There was no hardship if, having made a claim which on its face was highly suspect, they must come and discharge the burden or take the consequences.

Rosseel's solicitors obtained evidence from Mr Oakley as to what he would, in fact, say.

He confirmed that he had witnessed the signatures on *the contract and transfer, but* that he had never been asked to witness the transfer of cash.

It was clear that in the light of the further evidence on both sides, justice could only be done between the parties by direction of an issue.

Because the judge appeared to have overlooked the burden of proof, and might well have *directed an issue had he had* the further evidence, the present court was entitled to exercise its own discretion.

The appeal was allowed. It was directed that an issue be tried between Rosseel and the Hittas as to whether the Hittas were entitled to beneficial ownership.

Lord Justice Stuart-Smith *and Lord Justice Mann agreed.*

For Rosseel: Richard Millett (Baker & McKenzie).

For the Hittas: Grant Crawford (Holmes Campbell, Littlehampton).

Rachel Davies
Barrister

Correction

Yesterday's Business Law column incorrectly reported the professional affiliation of Mr Steven Glick. He is with the London office of the law firm Shearman & Sterling.

CONTRACTS

Coal fired power plant scheme

The German Kraftwerks und Netzgesellschaft (KNG) in Berlin has awarded ABB GERMANY a US$100m (£58.5m) contract for a coal fired power plant at Rostock in east Germany.

This will be the first all new power plant to be erected in that part of the country since the German reunification. The order comprises a steam turbo group with electrical output of 500MW as well as the complete power plant process control and electrical systems.

The new power plant will come on stream in 1994 and it will be equipped with modern air cleaning systems for clean emissions which will be well within the German clean air limits. Steam from the power plant will be used for district heating, lifting the efficiency from an already high level of 44 per cent to 54 per cent.

KNG, an energy producer to Germany, is managed by PreussenElektra in Hanover.

The delivery of the steam turbo power generation group is valued at about US$60m (£35.1m) of the total order value. The supplier will be ABB Power Generation based in Mannheim in co-operation with the recently acquired ABB Bergmann Borsig in Berlin.

The remainder of the order, valued at about US$40m (£23.4m) will be delivered by ABB Kraftwerksleittechnik in Mannheim in co-operation with ABB Automatisierungs-Anlagen Cottbus - also recently acquired by ABB.

Cleveland steelwork for power station

CLEVELAND STRUCTURAL ENGINEERING, a member of the construction division of Trafalgar House, has received a letter of intent from John Brown Engineers & Constructors for a £20m contract to supply, fabricate and erect 9,000 tonnes of steelwork at Ratcliffe power station.

The steelwork is part of John Brown's contract with PowerGen to install a flue gas desulphurisation (FGD) plant to the exhaust system for the four boilers at the power station. Work will take about two years to complete.

Cleveland is currently undertaking a similar contract at Drax power station, where about 27,000 tonnes of structural steelwork are being supplied for the first FGD retrofit in the UK.

Cleveland's work on the new contract includes 4,500 tonnes of large ductwork and 4,500 tonnes of steelwork for ancilliary buildings. The rectangular ducts will be fabricated into panels at the company's headquarters in Darlington and then pre-assembled at site into large sections prior to being lifted into position.

Electricity substation in Hertfordshire

NEI REYROLLE, of Hebburn, has won an order worth more than £12m from the southern construction unit of the National Grid Company to design and construct a 400kV substation at Rye House in Hertfordshire. The contract was won despite competition from within the UK and Europe.

The substation is needed to allow power to be switched into the National Grid system from a new PowerGen generating station being built at Rye House.

NEI Reyrolle has full turnkey responsibility for the project which follows its recent success in winning orders for similar high voltage substations at Sizewell, Killingholme and Harker.

The majority of the equipment, which includes four circuits of Reyrolle's gas-insulated switchgear, will be manufactured at the company's factory in Hebburn. Reyrolle will supply the co-ordinated control system which utilises advanced microprocessor-based control techniques.

The civil engineering work for the new substation also forms part of Reyrolle's turnkey responsibility and will be carried out by Mowlem Civil Engineering of Bracknell. The substation will be commissioned in 1993.

Mr Vince Kirkley, Reyrolle's project manager responsible for Rye House, said: "We are delighted to have received this important order from the National Grid Company which re-affirms our leading position in the turnkey substation market."

Building services in north west Australia

CAPE, *based in Uxbridge, has* received a £27m contract from Kellogg-JGC-Kaiser in north western Australia.

Following on the completion of a similar contract on Phase *II of the North West Shelf LNG* complex, the company's Australian subsidiary, Cape Contracts International (WA), has secured the contract which will provide insulation, paint*ing and scaffolding services,* some of which will be subcontracted to Modern Industries Pty and Bains Harding Industries Pty over a 14 month period.

Fire protection equipment for oilfield

WORMALD has been awarded contracts totalling in excess of £1.5m for the design and manufacture of water-based fire protection equipment for the BP Bruce platform.

The contracts include sprinkler valve skids, deluge and foam skids, hydrants and hydrant equipment, hose reels and monitors.

Wormald protective systems have been chosen for both Bruce platforms on behalf of BP Exploration, by Brown & Root Vickers and John Brown Engineers and Constructors.

SLP Engineering, Lowestoft, is to use Wormald protection for part of the accommodation module and helideck which SLP is designing and constructing.

The design of Wormald systems for use on the Bruce project is well advanced with manufacturing of all major equipment skids being undertaken at Wormald's mechanical workshop in Manchester.

BIRMINGHAM

Friday October 18 1991

With exuberant publicity, Birmingham is seeking to convince the world it is not just a tough, spirited manufacturing centre. But it is not easy, writes **Paul Cheeseright**. The city has been harshly treated by recession. Social and economic problems are deep and pervasive

A city built on optimism

HOPE springs eternal in Birmingham. It was never a city short on aspiration: city publicists in the 1990s talk of "breathtaking renaissance". City politicians in the 1860s talked more soberly of "civic renaissance".

Except in its introspective phases, it has never seen itself as a mere manufacturing appendage to the rich south-east of England. Birmingham, the world is being told, is on the way to making itself "one of the most talked-about cities in Europe".

As far back as the late 1860s, at local elections, according to one chronicler, "an adventurous orator would excite his audience by dwelling on the glories of Florence ... and suggest that Birmingham, too, might become the home of a noble literature and art".

There have been times of prosperity and signal achievement, but social and economic problems have multiplied more quickly than solutions.

This Florence of the north never came in the way the orator meant it, nor will it in this century. The solutions – in the form of grand civic projects – attract the hype, yet the problems of urban deprivation sit oddly against the injunction to "fly high with a city that captures the imagination".

Recession is making the problems worse. The unemployment rate, consistently above the national average, is rising remorselessly. By the end of August it had reached 14.8 per cent for the city as a whole, and in the inner city constituencies of Ladywood, Small Heath and Sparkbrook, was running at up to 24.6 per cent.

Poverty, even before the recession bit hard, was widespread. The Birmingham City Council estimated that 37 per cent of the population was living below the poverty line, and a further 13 per cent on its margin. The Council defined poverty as embracing those people eligible for either income support or housing benefit.

In September there was a brief outbreak of rioting and looting in the inner city area of Handsworth-Soho. The city held its breath: this, after all, was an area which had been subject in the 1980s to all the economic massaging that regeneration agencies could muster after earlier more prolonged unrest. This was no repetition, but it was a reminder of racial sensitivities.

Spaghetti Junction Study No 5 by John Howard: The spare columns of the UK's best known motorway junction symbolise the grittiness of a manufacturing city now seeking the sheen of economic and cultural diversification

Ethnic minorities now comprise at least 20 per cent of Birmingham's population. Indications are that this proportion will increase. The birth rate is generally higher among ethnic minorities, as is the poverty rate; and migration to the wealthier south-east is, predictably, considerably more widespread among the better-off members of the community.

The ethnic minorities are heavily concentrated in the inner city areas, where the housing is inferior, the death rates above the national average and, indeed, sharply higher than in the city's outer suburbs. According to council figures, for people between the ages of 15 and 64, for example, the death rate in inner city Sparkbrook is 260 per cent higher than in Sutton Four Oaks, a leafy area on the city's northern boundary.

Just as worrying – and Birmingham is not alone with the problem – is the fact that only 37 per cent of young men and 8 per cent of young women start jobs with any kind of formal training. In a league table of examination achievements, the West Midlands as a whole is one of the two lowest English regions.

Even in the depths of recession, according to the latest Birmingham Chamber of Industry and Commerce survey, 24 per cent of manufacturing companies and 18 per cent of service companies have been experiencing difficulties with recruitment.

Lack of skilled personnel, particularly apparent during the 1980s in the engineering and financial services sectors, will be a brake on recovery from recession.

The future of the Birmingham economy depends on a skilled, disciplined and prosperous labour force. There is little difficulty about the discipline: the West Midlands region as a whole has one of best records in Britain for days lost because of industrial disputes.

However, the city council has concluded in its own analysis of social trends in Birmingham that "the population will have an increasing proportion of relatively disadvantaged groups such as the poor, the less-skilled, lone parents, ethnic minorities and the very elderly".

Three quadrants of the city are in need of regeneration to raise their physical standards. "The sad dingy muddle of factories and dormitories that have been allowed to pass for cities in this island," of which J.B. Priestley complained in 1933, exists still in the Birmingham of the 1990s.

It remains an energetic, but hard, workaday city, from which many of the professionals and executives choose to escape at dusk, either to green enclaves within the boundaries or to the surrounding countryside.

The city fathers have, reasonably, surmised that inward investment cannot be attracted, and that the local economy cannot be switched towards a stronger services sector from its excessive dependence on manufacturing, unless changes are made to the city centre.

This is called "feminising a macho city". It is manifest in the opening of the new International Convention Centre and in the creation of Centenary Square in front. It is evident in the present chaos of the city centre as pedestrian areas are created. It is exemplified in the arrival of the Sadlers Wells Royal Ballet, now called the Birmingham Royal Ballet, and the D'Oyly Carte Opera.

But the buildings, and the ambience they give to the city, are more of a problem.

After the Second World War, Birmingham embarked on a reconstruction programme which is now seen as more enthusiastic than sensitive. The main influence was probably Sir Herbert Manzoni, then the city engineer, who believed that buildings had a life of only about 20 years.

"I have never been very certain as to the value of tangible links with the past. They are often more sentimental than valuable," he said in 1957.

The result is a city centre which is at best functional, but which is more often seen as drab. The hope, of course, is that improvements to the centre will create more jobs, and that the impetus of change will spread outwards into the revival of those districts which provide the depressing social statistics. Government agencies, regeneration agencies and city council agencies proliferate.

Important steps have been taken in the technique of regeneration, not least the use of Birmingham Heartlands on the eastern side of the city. The Heartlands is a mixed city council and private sector development agency which has been active not only on the physical side of regeneration but in community activities.

Because its main drive inevitably comes from the private sector – it will not regenerate unless there is a market for its projects – its activities have slowed. Recession hurts here as much as in manufacturing.

Dependence on private sector activity of this type, coupled with restraints on central government spending and allied to the City Council's own budgetary constraints, means that the search for relief to, and elimination of, deprivation is inadequate for the scale of the problems involved.

This is why, in the inner city suburbs, the next performance of the Birmingham Royal Ballet is not a matter of huge purport, and why hope needs to spring eternal.

IN THIS SURVEY

Illustration courtesy of Midlands Contemporary Art, from "A Piranesian View of Birmingham"

BIRMINGHAM 2

Paul Cheeseright on the economy

Too near to London

BIRMINGHAM's misfortune is that just when long-held ambitions of economic diversification were showing through strongly in employment patterns, recession arrived and cast an amber light over the whole process.

The city as a manufacturing centre has been vulnerable to any downward move of the national economic cycle ever since the industrial revolution. The recession which, retrospectively, can be seen to have started in earnest after the 1990 summer holiday had a bitter twist: it hurt the developing services sector as much as manufacturing.

The Birmingham Chamber of Industry and Commerce's quarterly survey, published last month, showed that over the previous three months a mere 2 per cent of manufacturing companies and 14 per cent of service companies had been working at full capacity. While 43 per cent of service companies and 37 per cent of manufacturing companies expect profitability to improve over the next year, neither group showed any taste for increased investment.

Recovery in the Birmingham economy, then, will be slow. But only with recovery can the diversification be expected to resume apace.

There was a window of just three years in the late 1980s when employment in the city increased, and this was largely because of expansion in the services sector, notably in financial services and in distribution, hotels and catering. Even when the 1980s economic recovery was in full swing throughout the West Midlands, the number of manufacturing jobs continued to decline.

Despite this change, the city council noted that, at over 21 per cent, the proportion of jobs linked to metal goods manufacturing is still about twice that for the UK as a whole. Clearly Birmingham cannot break its dependence on manufacturing, but, by creating a wider market in goods and services, it can diminish the effects of cyclical downturns.

Two important prongs of the effort to create this wider market have been large scale civic projects and the projection of the city as a financial centre. Hung around these prongs are the background activities: the expansion of hotel and leisure facilities, the changes to make the city centre more user-friendly, the development of a stronger cultural base.

The civic projects have come in two phases. First, the establishment and settling down of the National Exhibition Centre and, in 1984, the reopening of the airport; and second, there was the opening this year of the International Convention Centre, within which is the new Symphony Hall, and of the National Indoor Arena.

No research has so far been done to establish the impact of the ICC and the NIA on employment patterns, but a 1989 study by KPMG Peat Marwick McLintock, consultants, indicated that the National Exhibition Centre supported 9,481 jobs in the West Midlands service sector. Mr David Gilroy Bevan, the Conservative MP for Yardley, on the south-east side of the city, said that the existence of the NEC and the airport meant his constituency had one of the lowest female unemployment rates in the region.

The city offers a broad range of financial and business services, but is not pre-eminent in any of them

The significance of Birmingham as a financial centre, seen in national terms, is difficult to estimate. What is certain is that the Birmingham city centre, with the financial quarter as its core and its provision of commercial, retail and administrative facilities, provides employment for 119,000 people.

The city offers a broad range of financial and business services, but is not pre-eminent in any of them. It does not have the role of, say, Edinburgh, in fund management. A survey carried out for Birmingham City 2000, the group which represents the financial and professional sectors, found weaknesses in venture capital activities and merchant banking. It also pointed to the need for more overseas banks to set up in the city: there are, for example, six Japanese but no German banks in Birmingham.

Manchester Business School research published this week found that neither Birmingham nor any other regional financial centre had succeeded in breaking the centralisation on south-east England of the British financial sector.

While it is true that, for example, TSB is moving its retail banking headquarters to Birmingham, along with National Westminster which has moved its home loans department and Lloyds, which has moved its registrars department, the notion of the city as a focus of relocation remains an aspiration rather than a fact.

Arguably, however, the financial and professional sector in Birmingham has stood up to recession better than that the south-east. Anecdotal evidence suggests redundancies have been proportionately fewer. In this case the broad spread of the sector – not too many people tied up on mergers and acquisitions, for instance – may have been a strength rather than a weakness.

Mr Bob Moore, chief executive of City 2000, points to a 30 per cent differential in costs between London and Birmingham and a greater stability in staffing as Birmingham advantages.

But the Birmingham problem, as he acknowledges, is the proximity of London: it is easy for potential clients to slip down to the capital. The answer is to draw in the bulk of the regional business. "We've got to stamp Birmingham's identity on the region, as the regional centre," he said.

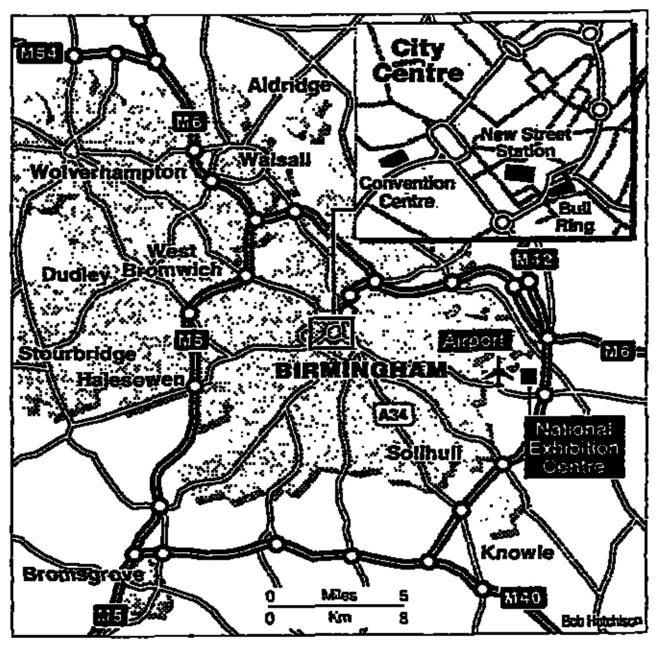
Getting around

THE city, which more than any other in the UK sought to accommodate the motor car but found itself choked instead, is now trying to ward it off. New city roads are out of favour. Birmingham's external connections are improving more quickly than its internal links.

Parts of the central area around New Street station are being converted to pedestrian areas. The redevelopment of the Bull Ring will further breach the importance of the inner ring road, which until the construction of a bridge on the south west side to connect the civic quarter with the new International Convention Centre, was like a straitjacket around the city centre.

The city area is small by the standards of British cities. In the suburbs, vociferous opposition saw off the city council's belated attempt to cope with extra traffic generated by the completion of the Birmingham-west London M40 motorway by widening the A34 as a southerly access road to the city.

With the number of cars on the road increasing and the spectre of congestion on half the roads in the West Midlands over the next 13 years, the importance attached to the development of the Midland Metro rapid transit is obvious. Birmingham and the Black Country combined make the largest conurbation in western Europe without an underground or light rail system – indeed, the last tramcar seen in Birmingham was in 1953.



Two Midland Metro lines would affect Birmingham directly. The first runs westwards away from the city, eventually to Wolverhampton and could be operational by 1994, at a cost of £90m. It has parliamentary approval, but so far no central government funding commitment – that has been "imminent" for months. The second, which will cost £260m, runs eastwards and then south to National Exhibition Centre and the airport. It should receive parliamentary approval next month.

When the extent of government funding is known for the first line, it will be possible both to explore the possibility of support from the European Community, and to settle the nature and the terms of private sector involvement.

The private sector has played a significant role in establishing new external connections. Three months ago, Eurohub, a new terminal at Birmingham airport dedicated to the services of British Airways and Birmingham European Airways, opened for business: 60.7 per cent of the equity in the £60m venture is held by private sector companies – British Airways, National Car Parks, John Laing and Forte.

The effect of Eurohub is to allow the airport to enlarge its capacity to 7m passengers a year, compared with the 3.6m passengers who in 1990 used the one-terminal airport. What the airport now needs is a higher level of international services. It is seeking to lure transatlantic carriers, but for the moment it offers direct services to 25 European destinations and nine other destinations in the UK, Channel Islands and Isle of Man. By comparison, Manchester offers direct services to 57 international and 18 domestic destinations.

Private sector involvement in the transport infrastructure will increase further through the central government policy of encouraging toll roads.

Toll roads are opposed by local councils, both in Birmingham and the Black Country. They want decisions on new roads to be part of a balanced transport policy which will give due weight also to rail services, buses and the planned Midland Metro.

Paul Cheeseright

BUSINESS GUIDE

Telephone code: 021

HOTELS (four and five-star)
- Copthorne, 200-2727
- Forte Crest, 643-8171
- Holiday Inn, 631-2000
- Hyatt Regency, 643-1234
- Birmingham Metropole, 780-4242
- Midland, 643-2601
- Royal Angus Thistle, 236-4211
- Swallow, 452-1144

BUSINESS ORGANISATIONS
- CBI, 454-7991
- Chamber of Commerce & Industry, 454-6171
- Engineering Employers' Federation 456-2222

CITY & GOVERNMENT BODIES
- BCC Economic Development Unit, 235-3157
- Convention & Visitor Bureau, 631-2401
- DTI, 212-5000
- International Convention Centre, 200-2000
- National Exhibition Centre, 780-4141

PUBLIC GALLERIES
- Barber Institute, 472-0962
- Ikon, 643-0708
- Museum 235-2834

TRANSPORT
- Birmingham International Airport, 767-5511
- British Rail - New Street & International, 643-2711
- Centro, 200-2787

Compiled by Jayne Pearce

Tom Lynch looks at the engineering sector

A tough year ahead

BIRMINGHAM is still the city of a thousand trades. They are not all the same trades as a century ago, but the traditional industries, the metal-bashing workshops of the Midlands, are still the backbone of the city.

Birmingham people claim they make the goods that pay for Britain's imports, and they keep an anxious eye on how "the Rover" is doing as a measure of the area's prosperity.

The companies that bash the metal are in their second recession in a decade. They suffered in the early 1980s – when 250,000 jobs, mainly in the sector, were lost in the West Midlands – then recovered strongly before the current recession struck.

Once again, there has been loss of capacity and large-scale job losses, with more to come. Optimists say lessons have been learned from the last recession, companies have geared up to the single European market, and the way production is organised is changing rapidly. Pessimists say the sector's structural problems such as skill shortages and underinvestment, which were not addressed during the boom, will emerge to haunt the next upturn. This, believes the Engineering Employers West Midlands Association, will be not until the second half of next year.

David Savage, the association's area director, says companies will want proof that any upturn is sustainable, not just a "blip". Then, turning investment decisions into machines and working factories will take a lot longer than it has for closure decisions to bring about silent, empty workshops.

The West Midlands produces 35 per cent of UK automotive output, and radical change in the organisation of production is affecting companies of all sizes and at all stages on the supply chain. In the past, car makers organised sourcing entirely on price, leading to endemic short-termism. In the last decade, car makers have outsourced more of their vehicles' value, and made much tougher quality demands.

This has brought more work down the line, with design increasingly collaborative between manufacturers and lead suppliers. Improved management has delivered real-terms price reductions, and long-term contracts and pressure on quality have forced change on even the smallest suppliers – small press shops with attractive customer lists are talking to Japanese and European companies.

Mr Paul Lovejoy, an economist with the West Midlands Enterprise Board, believes that the basis of component supply has adjusted to the automotive industry's new requirements, which has meant some companies moving into other markets after finding the sector's demands hard to reconcile with other customers.

He expects change to continue in the sector through companies accepting new positions in the supply hierarchy and/or by acquisition and joint venture. So far, Japanese companies have preferred to set up greenfield sites while European companies have used acquisitions and joint ventures.

He said a shift to the latter was now likely – for the Japanese, it was the less risky option economically and politically. For European components makers, growth in Europe would be largely accounted for by UK expansion, with new demand from Honda in Swindon and Toyota at Burnaston in Derbyshire.

For the general metal trades, with their tradition of low margins, low profitability, and difficulty in obtaining investment, the recession is painful – though so far nothing like the last recession, in which 25 per cent of metals-based capacity was lost in the region.

But companies' ability to expand and plan longer term has been hit, any further loss of capacity will be hard to make up, and companies concentrating on short-term survival may neglect the investment and training on which their future depends.

For most of the sector, says Mr Lovejoy, the single European market simply reinforced wider trends towards a globalised industry with the agenda set by leading edge Japanese companies. For the general engineering sector, the single market means, among other things, the end of national sourcing in large utilities.

Mr Strong says 1992 for many large companies is just a date on a calendar – many already operate on the basis that Europe is their home market. Mr Edward Roberts, chairman of Heath Springs, an automotive springs maker, and regional chairman of the CBI, says continental markets may have turned down, but the sector was not exploiting these at all five years ago.

Mr Stephen Linstead, regional director of the DTI, believes the single market message has gone home, though it is impossible to tell what companies, especially small ones, plan to do about it.

His office has seen an increase in inquiries about exporting. Early in the recession, much of this was a response to weakness in the home market, but he says recent inquiries have been from companies that had thought through their strategy and were looking overseas.

The recession has deterred some UK customers from developing new products, but foreign business has helped, and the move of auto design down the supply chain has provided opportunities.

Mr Lovejoy says the real danger is not so much what has happened in the current recession, but what its impact will be on performance and prospects once it is past. Given the pressure for change through the early to mid 1990s, "now is a bad time to have had an industrial recession.

"Business was beginning to focus on the longer-term and tackle problems like skill shortages. Confidence has been shaken. Unless we have a powerful imperative ... there has to be a danger that performance has been impaired."

Mr Savage says confidence has been dented, but puts his faith in the area's entrepreneurial spirit. Experience of the last recession helped, he says. But he admits that investment has been cut, making it more likely that home demand would be met by imports when the economy picked up.

Mr Roberts says companies that have done well are those whose gearing was not too far out of line – a lot of small and medium companies whose gearing was poor had seen a very bad 18 months.

No-one is predicting that Birmingham's traditional industries are going to enjoy the next 12 months. Mr Savage believes that, though the worst may be over, "that doesn't mean there won't be a lot of pain and hardship". The city may well suffer a large slice of the 90,000 job losses the EEF nationally expects to see over the next 12 months.

BIRMINGHAM 3

Tom Lynch strolls around the jewellery quarter

Streets lined with gold shops

A MILE from the centre of Birmingham, a curious, lamp-decked iron clock tower in a jumble of Victorian brick streets marks the heart of the jewellery quarter, once home to thousands of jewellery workshops. Much of the city's work in gems and precious metals still takes place in an enclave slowly being eroded by gentrification.

Jewellery retailing in the UK has been transformed in the last 10 years, with the aggressively acquisitive Ratners chain bringing in new customers and capturing about a third of the market.

Change has been much slower in the manufacturing sector. In some small workshops in Birmingham, self-employed craftsmen using ancient machinery follow the highly-specialised trades of their fathers and grandfathers. One making only wedding rings, another only bracelets, another only necklaces, another setting only diamonds, in a production chain like those which have long disappeared from the other traditional industries of Birmingham.

Manufacturers acknowledge that this is a pretty inefficient way to run an industry, but say they get away with it because of the low technology involved – entry investment can be as little as £400.

"All you need is the raw material and skill. You don't have large companies with accounts departments and pension departments. You have old Fred who mounts diamond rings round the corner where he and his father have always been," says Mr Lawrence Brewer, managing director of Payton Pepper & Sons, one of the larger jewellery manufacturing businesses, with about 50 employees, serving the top end of the market.

Several miles away on the edge of the city, Excalibur, the city's biggest jewellery manufacturer and possibly the largest in the UK, is finding that the modern mass-production jewellery business is as much about financial management as craftsmanship.

Destocking by big buyers has passed the burden back up the supply chain

Mr Richard Griffiths, the managing director, says destocking by Ratner and other big buyers has passed the burden of carrying stock back up the supply chain. Instead of placing bulk orders, continuous monitoring of sales allows them to order smaller quantities for "just-in-time" delivery.

Mr Griffiths says this is causing problems for companies which organised on a bulk-manufacturing, bulk-delivery basis. He said he expected further fallout in the industry as the financial strain told.

Excalibur deals mainly with independent jewellers and the catalogue retailers which represent 6-7 per cent of the market, and for which his company dispatches items directly to the customer, eliminating stocking costs.

The other big change in the financial management of the industry has been the move to leasing, instead of buying, the main, and most expensive, raw material. Gold owned by investors for growth is leased at a cost of 3 to 5 per cent. The manufacturer closes the whole transaction at point of sale, buying at the closing price of the day of sale of the jewellery.

This makes the cost of carrying stock lower to a big player like Excalibur than it is to customers and smaller competitors. "If you are a little manufacturer you are not going to be able to borrow gold at 5 per cent, even if you can put up collateral. Undercapitalised companies can't borrow – they can't borrow money so can't borrow gold."

The recession has hit the sector, and a recovery is expected to lag the rest of the high street – logic and experience dictate that people return to shops to buy clothes and household goods before they go back to the jewellers, although the catalogue trade, which was first into the recession, is already picking up.

The fall in interest rates has been countered by banks' tougher policy

Excalibur has followed a strategy of bringing engineers back into the jewellery business – the sector was more highly mechanised in the 1970s before the gold price peaked than it is now – and makes about £25m of its £60m turnover from six components subsidiaries – four in aerospace and two in industrial production. The recession has hit client companies such as Massey Ferguson and JCB.

Mr Griffiths says that, for a geared company such as Excalibur, it is hard to continue to invest. The fall in interest rates has been more than counteracted by the way the banks' problems have fed through to a tougher policy towards business customers.

But the company is continuing investment, opening a £1m chain manufacturing plant in Mold, north Wales.

As the upturn comes, both Mr Brewer and Mr Griffiths fear that lack of skilled labour may become a problem – the age profile in the industry is distorted by a low level of recruitment in the last decade.

As the single European market approaches, the industry is fighting a rearguard action to save Britain's Assay laws, which require each piece of precious metal jewellery weighing more than a gram to be hallmarked by one of four Assay Offices in London, Birmingham, Sheffield and Edinburgh.

Mr Brewer has little patience with the 600-year-old Assay laws. Every piece Payton Pepper makes has to be hallmarked with the British lion and the Birmingham anchor mark, as well as his company's own imprint. He says this damages a third of items and adds to costs. He says the potential for damage to jewellery had deterred imports, but at the cost of creating "a fools' paradise" for UK manufacturers.

"Since we were not subject to competition, we did not realise what was happening in the world and we did not modernise our industry whatsoever. A lot of the manufacturing methods we use and a lot of the technology are based on the fact that we haven't made much progress."

The extra costs of assaying – £12,000 a year plus secure transport plus repairs – is "a monstrous intrusion on our freedom to operate".

Mr Griffiths takes a contrary view, arguing that hallmarking protects the consumer. He says hallmarking has not deterred a significant import penetration, but that the UK market is less attractive – prices are low compared with other European countries, the average spend on jewellery is considerably lower, the industry is very competitive and fashion is different.

He expects exports to grow slowly. Mr Brewer has gone into co-operation with a french manufacturing jeweller, handling its product in the UK while it handles Payton Pepper's in France.

There has been uncertainty and delay over the possibility of a European Community directive requiring all member states to have independent checks similar to the UK's hallmarking laws. A German company is now taking legal action against the government and the London Assay office, claiming that the laws are a restraint on trade.

While the case is pending, much of the jewellery quarter appears to be taking a wait-and-see attitude. A recent survey of the industry, based on interviews with 28 Birmingham companies, found lack of general awareness of the single European market.

More generally, the survey suggested that jewellery makers thought their industry was different from any other, did little forward planning, had a low level of investment, gave little or no weight to training and relied too heavily on a small number of big customers.

The survey suggested that rising rents were likely to contribute to the disintegration of the quarter as a manufacturing area. If the German legal action succeeds, and hallmarking is ended, pessimists fear that the Birmingham jewellery quarter's progress towards a district of fashionable housing, flashy wine bars and expensive gold shops, could accelerate.

Stewart Dalby analyses the skills mismatch

Round pegs and square holes

BIRMINGHAM exemplifies as well as anywhere in Britain the paradox which emerged in the 1980s in the labour market - the skills mismatch.

At the height of economic buoyancy in the past decade, acute labour shortages developed in certain sectors of the regional economy, yet the overall level of unemployment remained high.

The Birmingham labour catchment area currently has an overall unemployment rate of 10.7 per cent against an average for Great Britain of 8.4 per cent and one of 9.1 per cent for the West Midlands region.

Although the unemployment rate is thus slightly higher than the national average, there is evidence of skills shortages – in some areas acute shortages – although the recession camouflages this to some extent.

Mr David Cragg, the chief executive of the Birmingham TEC, says: "Once the economy begins to pick up, skills shortages are going to appear – certainly in manufacturing, where there is a demand for craft skills, but also in areas like hotels and catering."

To some extent Birmingham's unemployment rate can be explained by the fact that unlike some large British towns, a comparatively high proportion of people still live as well as work in what can be termed the inner city, while companies have moved out.

These areas also have large communities made up of ethnic minorities particularly susceptible to unemployment. Possibly 20 per cent of Birmingham's population is now made up of minorities, many living in inner city areas. Unemployment in July 1991 in Handsworth, for example, a main ethnic area, was 26.6 per cent.

The underlying reason for the skills mismatch, however, is not so much the large ethnic community or inner city deprivation, but the radical changes to the Birmingham regional economy in the past 10 years.

Employment in Birmingham until the 1980s was heavily slanted towards engineering and related manufacturing. The motor car industry was very strong.

With the ferocious shakeout of the late 1970s, tens of thousands of jobs were lost in manufacturing. Ten years ago around 34 per cent of the workforce was employed in metal manufacture, including vehicles. Today that proportion is just under 23 per cent.

Birmingham has other manufacturing industries, but the greatest growth in employment has been in services, broadly defined. The retail business alone accounts for around 10 per cent of the workforce. In financial services the growth has been rapid from some 9.2 per cent 10 years ago to 13.5 per cent today.

Tourism, particularly business tourism, is another growth area. Around 17.5 per cent of the workforce is engaged in distribution, wholesale and hotel/catering.

In many cases in these growing industries, women have filled the jobs. They have often been school leavers or returning mothers, and in both instances there is often a need to learn new skills.

Unemployment figures reflect the trend: men 13.9%; women 6.2%

The trend towards employing women is reflected in the unemployment figures: for men it is 13.9 per cent, and for women only 6.2 per cent.

For men who have stayed in manufacturing, there is the slightly different problem of having to upgrade a skill they already have to meet new production techniques. The TEC estimates that when the economy was at its most buoyant in the late 1980s, 47 per cent of the unemployed workforce had previous experience in manufacturing but was unable to move into available jobs because of the changes in the skill levels required.

For both men and women, therefore, a skills shortage or mismatch has arisen because of a shortage of training generally, and a lack of targeting in what training there was.

The shortcomings of the Youth Training Scheme (YTS) and the Employment Training Scheme (ET), run by the state Training Agency, have been well rehearsed.

Criticisms of the YTS included that it was an artificial way of reducing unemployment figures. Instead of national assistance, young people were given a youth training allowance. Employers viewed participants as cheap labour, and did not bother with training. Similarly, people on ET, which is for older, long-term unemployed, viewed the allowance as a way of boosting their unemployment benefit.

Both schemes have been taken over by TECs. Since the boards of the TECs are run by local businessmen and employers, it is hoped they would know what skills are needed.

Youth training, which has replaced the YTS, now has a voucher or credits scheme. Under a complicated formula drawn up the careers service of local councils, training providers, colleges and employers, each 16 or 17-year-old has a career plan. He or she is then given training credits, which must be spent on training either in a job or at a college.

One of the first things the Birmingham Tec did was to raise the unit cost of a training scheme – by around 60 per cent. Mr Cragg estimates a voucher is now worth about £3,000 for a training programme of between 38 weeks and a year.

Birmingham TEC has around 6,000 young people currently in youth training. The cost of the programme is about $18.25m, and the goal is that everyone on a programme should end up with some kind of nationally recognised vocational qualification.

Mr Cragg says the programme has been going about a year, estimated that some 50 per cent of those on a scheme stay in employment after the training has ended. This is up from a success rate of 35 per cent under the YTS.

With employment training, there has also been a tightening up of schemes with closer targeting of skills needs. This programme is costing £17m in a full year and there are some 15,000 people going through it.

Mr Cragg concedes that there is big job ahead: "We cannot adopt the premise that anyone is unemployable or untrainable," he says.

BIRMINGHAM 4

Paul Cheeseright visits Council House

The inheritors of Chamberlain

THIS financial year Birmingham city council will spend a gross £1.47bn. It has more than 42,000 employees. It needs to raise nearly £860m from the community charge. It is the largest metropolitan authority in England. It is conscious of its own importance; prickly, even, about its fiefdom.

The council has a tradition of energy, of intervention. This, coupled with its size, means it has a finger is in every pie. It embodies a strain of municipal activism which, in the Thatcher years, was acceptable to central government only if it came from the private sector. In Birmingham, for the past 120 years, the main thrust of activism has come from the council chamber.

"All Birmingham leaders see themselves as the inheritors of Chamberlain. On the full-time political level, Chamberlain's shadow looms large," says Mr Carl Chinn, Birmingham University's community historian. It was Joseph Chamberlain, a Liberal, who in 1873 turned the council away from the 19th century equivalent of Thatcher economies in local government to expand city services in areas like water and gas.

With hiccups, the intervention has continued since: the opening of an airport in 1939, the National Exhibition Centre in the late 1970s, the International Convention Centre earlier this year, and the National Indoor Arena this month.

Notwithstanding latter day Conservative attacks on the inadequacies of Labour management of, for example, the ICC construction budget (embarrassingly overspent), the approach has generally been bipartisan.

The latest to cloak himself in the mantle of Chamberlain is Sir Richard Knowles, a veteran Labour local politician who has at least one thing in common with Chamberlain – they both smoke cigars. Sir Richard's political problems have been less with the Conservative party than with his own members, but no Labour faction has ever been able to combine long enough with another to usurp him. The last local elections appeared to consolidate his power and lay the groundwork for a handover to the evident dauphin, Albert Bore, who has moved steadily centrewards from the left and is now chairman of the powerful council economic development committee.

The elections last May saw a strengthening of the Labour position, although not to the degree many had expected. Labour ended with 71 seats, a gain of four, against 32 for the Conservatives and 12 for the Liberal Democrats. So Labour appears unassailable for the medium term and impregnable in the longer term, if ever the prosperous suburb of Sutton Coldfield should achieve its ambition of independence.

There is thus no obvious reason why Labour should not continue on its pragmatic, non-ideological course. But it faces at least three dangers: two internal, one external.

The first of these is sloppiness. Sir Richard has been in power since 1984. Longevity clearly creates its own self-confidence, but this can lead to carelessness of the type that the Birmingham Post newspaper took some pleasure in describing as its researchers picked through the council accounts to list the amount spent on councillors' overseas trips, the number of bottles of Muscadet consumed at Council House, the free-and-easy use of official transport and so on.

The second danger is arrogance. The council has for so long been in the habit of leading that it takes it for granted it will continue to do so. But there have been signs that its vision of its own thing is not necessarily shared by the citizens it represents: thus the climbdown on the proposed widening of the A34 road into the city centre that could only have been achieved by the destruction of some property.

Significantly too, the council failed to win a slice of central government funding in City Challenge for its plans in east Birmingham. Mr Michael Heseltine, the Environment Secretary, told the council that its bid, "would have benefited from closer involvement with organisations necessary to secure comprehensive regeneration, such as the Training and Enterprise Council, schools and the police."

There is, of course, another side to this: the council would argue that as it has been talking to the people involved in the regeneration of east Birmingham for the past two years, it knows perfectly well what is required. The point is, however, that the Department of Environment had deemed the city council to be overweening.

This leads to the third danger: a potential lack of funds. This question goes beyond difficulties in collecting the poll tax or constraints on borrowing because of central government restrictions. The failure of the City Challenge bid means the city council is likely to be deprived of Whitehall money for urban regeneration that in other circumstances it might have expected to obtain. The whole of the City Challenge funding nationally comes from taking money away from other urban programmes. The cake will be smaller, and the Birmingham slice of urban programme money reduced.

Given the extent of social and economic deprivation in Birmingham; given, too, the link between deprivation and urban unrest after the riots at the Meadow Well estate, the lack of City Challenge money could have unfortunate repercussions.

The failure of the City Challenge bid, with its accompanying stories of dissent between council and central government officials, sullies the council's enviable record of prising funds not only out of London but out of Brussels as well. Despite In spite of political differences, relations between Whitehall and the Labour council have generally been guardedly cordial.

But as Mr Heseltine has sought to bring local councils out of the cold and into a new relationship with Whitehall, the terms pose a threat to the Birmingham way of doing things. It seems clear the central government wants to help authorities which see themselves not as the main source of local influence but as one of several sources. For the inheritors of Chamberlain's mantle, this may be painful to accept.

Stewart Dalby looks at urban renewal plans

Going it alone

IN THE section on strategy in the Birmingham Unitary Development Plan, there is a chunk on the Birmingham Heartlands Development Agency.

The Heartlands is an area covering 1,000ha (2,400 acres) to the north-east of the city centre, and has a population of 13,000. It was one of the areas of concentration of manufacturing industry in the city.

After 1979 considerable rationalisation took place, but the area retains many well-known manufacturing companies. More than 20,000 people still work in the area, and it is hoped new industries will be attracted.

The Heartlands initiative is expected to lead to investment of £1bn, and to take 10 to 15 years to complete. Most of the funding will come, it is hoped, from the private sector. It is expected that 20,000 new jobs will be created.

About one quarter of the land in Heartlands is classified as vacant, derelict or contaminated, and some 150 ha (360 acres) has been identified as suitable for industrial/commercial use. Basic improvements needed include investment in infrastructure such as new roads and a rail route.

So far, so familiar. Most of Britain's old industrial towns have areas of dereliction or decline which they are trying to regenerate. Instead of eating into further green belt land, goes the thinking, derelict areas in the centres from which industry has departed but where people use to work and live should be restored.

Where Birmingham differs from other English and Welsh cities is that it is attempting inner city regeneration without a government funded development corporation, although this may change as the Department of the Environment looks at new ways of funding urban development.

Birmingham Heartlands Ltd is 65 per cent owned by private developers R.M. Douglas, Galliford, Tarmac, Wimpey and Bryant; and 34 per cent by the city council. One share is held by the Chamber of Commerce and Industry.

It has been said that private developers are not interested in derelict inner city areas unless a body like a urban development corporation (UDC) takes out the abnormal cost, that is the cost of reclamation or access. After the emasculation of local authority powers in the past decade, local councils do not have the wherewithal – or, in the case of some Labour party dominated ones, the political will – to fund infrastructure improvements.

The Birmingham city council has made the case that a UDC is not the only way to fund infrastructural improvements. The council cites its record in obtaining government funds and money from Europe for large projects. The International Convention Centre, for example, was built by mortgaging the National Exhibition Centre, which it owns, and with £50m from the European Regional Development Fund.

By not having a UDC, the city council gets to keep planning powers and dispensation of city grants for projects, powers which elsewhere have been taken over by the UDCs.

Inevitably, a prestige loss leader project is not to all tastes

The Heartlands initiative is but one strand in a strategy to develop the inner city. The council wants to use the International Convention Centre (built at a total cost of £180m) and the adjacent National Indoor Arena (£51m to build) as catalysts to establish Birmingham as Britain's second city, and as its most important financial centre after London. It wants to bring in new investment that will encourage business tourism and other service industries and create new jobs.

This emphasis on the city centre and other inner city areas, possibly to the detriment of other social programmes, is meant to build on Birmingham's position at the heart of Britain's communications, particularly its motorway network, and help recoup the outlay on the convention centre and indoor arena.

That, anyway, is the theory. Inevitably, this strategy of building a prestige loss leader project which will generate private investment around it is not to everyone's taste. A number of Labour party councillors have resigned on the grounds that rather than wasting precious funds on what they see as white elephants in the city centre, they should be improving run down estates or building schools and hospitals.

Critics say that it is London Docklands all over again: local communities are being broken up to make way for high cost housing and office blocks. Be that as it may, this is the strategy chosen by the city council, which accepts that to realise its grand design it must improve the city's image. This means pulling down some of the concrete developments of the 1960s such as the infamous Bull Ring shopping centre, and by breaking open the inner city ring road which runs through the Bull Ring.

The inner city ring road has long been seen as a concrete collar around the city centre which has confined the development of the area. Work on breaking it up and replacing underpasses with walkways has already started.

This could cost £50m. Taken together with investment in the 33 miles of canals, the £1bn in the Heartlands area, the Bull Ring development and other office, retail and housing projects already given planning permission, some £2bn could be invested in Birmingham in the next 10 years. Some projects, however, are threatened by the recession and developers' difficulties. It is going to be hard for the city council to raise money even for Heartlands infrastructure, because of capital constraints on capital spending.

Not every scheme will be realised but when the economy picks up probably quite a lot will.

Colin Amery wanders through the old and new buildings of Brum

Righting years of wrong

IN THE 19th century, Birmingham became a phenomenal town. As it burgeoned as the second city of the nation, it developed a distinctive character. The writer and critic Alexis de Toqueville wrote in the 1830s: "The town itself has no analogy with other English provincial towns; the whole place is made up of streets ... It is an immense workshop, a huge forge, a vast shop. One only sees busy people and faces brown with smoke. One hears nothing but the sound of hammers and the whistle of steam escaping from boilers."

Today there may be less brown smoke and certainly fewer boilers, but there is still an energy and a scale to the city that distinguishes it from other British cities.

Sometimes that energy has been misplaced. In the 1950s and 1960s Birmingham's determination to become a modern city, dedicated to the motor car, led to the Bull Ring, the Civic Centre, and the new (and most destructive) Inner Ring Road. Today, there are plans, and many built schemes, that attempt to overcome the disasters of the 1960s, but Birmingham has a long way to go to humanise its centre and to redeem itself as a city habitable for people as well as cars.

If you follow the route from New Street Station to Paradise Circus, you will gain a very good idea of the architectural appearance of the old and the new Birmingham. At Paradise Circus a pedestrian bridge takes you over the now sunken Inner Ring Road and brings you through the centre of the City Library into the new heart of Birmingham, Centenary Square. Here the townscape is of a high quality. Birmingham has been bold in its decision to commission artists to adorn the main square, which is the approach to the new Convention Centre and Concert Hall. There is new patterned paving by artist Tess Jaray, laid with the help of Impresa Castelli of Italy, and very fine and strongly detailed new iron railings. A sculpture by Raymond Mason and a fountain by Tom Lomax complete picture.

The works of art are in a different league from the architecture. The new Convention Centre and Symphony Hall, designed by architects Percy Thomas Partnership, is undistinguished, to put it mildly.But it is impressive in its content: there are 11 halls, including an excellent hall for the City of Birmingham Symphony, and it cost more than £160m.

What looks more promising are the plans for a new development across the canal to the west of the Convention Centre. Already a large airport-like pedestrian mall runs through the Convention Centre to the Birmingham Canal (created by James Brindley in 1779) and it is on the west side of the canal that a the new Brindley Place is planned.

Brindley Place will deal with the city's expansion westwards beyond the Inner Ring Road. The area will also provide the commercial and retail complement to the hotels and public buildings that adjoin it – including that very dominant element in Birmingham's architectural townscape, the National Indoor Arena. This big (it will seat 8,000 – 12,000 people) and bland building designed by American architects Hellmuth Obata and Kassabaum.

There is a great deal of gimmicky contemporary architecture of the 1970s and 1980s in Birmingham, but the Jewellery Quarter has retained its significance and interest as one of the oldest industrial areas of Britain. It grew out of the consent granted to the city in 1773 to assay and hallmark its own silver.

In the 1850s workshops were built, some of which are now listed or part of the conservation area. One of these has recently been purchased by the Duchy of Cornwall and refurbished as a 60-unit jewellery business centre. It is one of the ways in which HRH The Prince of Wales is demonstrating his concern for the intelligent regeneration of Britain's inner cities. The project has been managed by Grosvenor Laing Urban Enterprises Limited, and the architects for the refurbishment are Derek Latham and Associates.

For some £3m a sensitive and commercially viable conversion is bringing life back to this quarter of Birmingham. The wheel has come full circle, and conservation and rescue are now seen as important in a city that has done its best to inflict fatal architectural damage on itself in the recent past.

FINANCIAL TIMES
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ARTS

Quintessential Northern Man

Patricia Morison finds a German Romantic in Copenhagen

"The Romantic artist who refused to visit Italy" sounds almost like the title of an H. E. Bateman cartoon. The artist in question was Caspar David Friedrich (1774-1840), recognised for many years as the greatest of the German Romantic painters. To his contemporaries, both admirers and detractors, here was an artist who represented the quintessential Northern Man. Like the fir-trees which appear so often in his landscapes, Friedrich did not easily transplant. He spent all his adult life in Dresden which was as far south as he wanted to go. There was, however, another journey Friedrich had made, and that is the starting-point of a lovely and original exhibition at the Statens Museum for Kunst in Copenhagen (until 8 December).

Caspar David Friedrich in Denmark goes a long way towards lifting the curtain on the four years young Friedrich spent in Copenhagen. He went to this gracious, neo-Classsical city – known, like Edinbugh as "the Athens of the North" – to study for four years at the Royal Academy. The exhibition groups the precious fragments which survive from Friedrich's time there. Almost all of them are sketches and watercolours with the exception of two dark, very Dutch and distinctly unimpressive oil-studies of a wood.

It was not till his very last summer that Friedrich was allowed into the oil-painting class, probably because he did not take kindly to the strait-jacket of academic instruction. Figures gave him trouble, but he seems to have found his own way to watercolour, not something much practised in Denmark. Early examples, such as the sketches of huts in the wood and famous local monuments to deceased ladies, have charm but not yet anything recognisably Friedrichian. Partly it is the melancholy which is missing, although Friedrich must already have had his gloomy side if it is true, as commentators were a few years later to say, that he was dogged by a terrible childhood experience. His younger brother had drowned as the young lads were out skating, and Friedrich had watched helplessly as the blackness swallowed him up.

If the early work was all, *Caspar David Friedrich in Denmark* would be a minor exhibition, memorable mainly for the large self-portrait drawing of the artist, rumple-haired like every image of the neo-Classical creator, and with the popping eyes which are recognisably those of his more famous late self-portrait. However, the Danes are far better served with this, their first exhibition ever of Friedrich's art.

An important, but not in every case familiar group of paintings has been borrowed from German public collections. They show how themes recurred which had interested Friedrich early on in his career; his love of scenes of harbours and ships at sea, the fascination with unsettling effects of light on the landscape, and studies clouds, and sunset. Three small views of landscapes veiled in mist and cloud hang together, a lovely sight, which sends us back to the pages of young Friedrich's early sketchbook, stuffed full of clouds. The catalogue helpfully explains that it was the translation into German in 1803 of a book by an English meteorologist, Luke Howard, analysing cloud formations, which set the vogue for so many artists to study clouds. Then there is a group of superb scenes of Friedrich's favourite motifs such as the lonely tree, the graves of giants, and the watcher (his wife) at the window.

Equally enjoyably, the other aim of the show is to put Friedrich next to his Danish contemporaries. These are artists who take us from the dawn to the midsummer of the Danish Golden Age, many but not all of them represented by landscapes: J. C. Dahl, Cristoffer Eckersberg (a delicious sketch of his two daughters looking out of a window), Lundbye, Kobke and Rorbye. Some of these landscapists are more interesting than others, but all are worth discovering in their home land.

In fact, this is an exhibition which invites the visitor to spend the rest of the day, or more like a whole weekend, enlarging the picture and discovering more about the artists Friedrich had trained with. The permanent collection of the Statens Museum has a wonderful collection of Danish Golden Age painters, and just across the park lies the Hirschsprung Collection, which equally cannot be missed. In the quite wonderful Thorvaldsens Museum, too, one finds delightful works by artists like Kobke and J.L. Lund, Friedrich's loyal friend. Here one find the colourful, convivial images of the life of Danish artists who, like the great neo-Classical sculptor, Thorvaldsen, *did* follow their impulses and go south, to the heady pleasures and hard academic grind of Rome.

It was to his Danish friend Lund that Friedrich wrote in 1816, refusing an invitation to go to Rome. He had, he wrote, weakened enough to be able now to think about going south and even settling in Rome. But no; "the thought that I would again have to return North makes me shiver; it would mean that I would have to bury myself alive." In his thirties Friedrich was, then, a little reluctantly a painter of the north. The strength of the current Copenhagen show is to confirm just how rooted this heavenly artist was in the mist and quietude of Europe's northern shores.

One of Caspar David Friedrich's favourite subjects – a lonely tree – with a couple looking at the moon

Berio

QUEEN ELIZABETH HALL

Luciano Berio returned on Wednesday to renew his long association with the London Sinfonietta, and simultaneously to help launch the South Bank's latest concert series, "A Little Italy: the music of Berio, Nono and the postwar generation". It's possible to argue – though one would hardly expect the South Bank programme-builders to do so – that the period covered by the venture represents the steepest passage of artistic decline in Italian musical history. But whatever suspicions one may entertain about the promotion as a whole, there was no doubting the richness of the series' opening concert, the uniform excellence of performers (including the Sinfonietta Voices) and performances, or the powerful impact of the whole event on the large QEH audience.

The enduring fascination of this composer's best music lies in its extraordinary have-it-both-ways appeal. He is an accredited Great Postwar Modern who explores artistic subjects of considerable complexity and intellectual sophistication, and who at the same time woos the ear because of the luminous Mediterranean beauty of his textures and sonorities. In the context of this series, the programme bore on a special significance: it was devoted to those aspects of Berio's vocal writing that exemplify both his particular modernist stance and the natively Italianate feeling for vocal lyricism (looking back to Monteverdi) that marks so much of his solo and choral writing.

So the first half featured Luisa Castellani (fresh, witty, and full of original character) in the solo-vocal *Sequenza III* (1965-6), *Agnus* (1971) for two sopranos and three clarinets, and the beautifully limpid voice-and-orchestra song-cycle *Calmo* in memory of Bruno Maderna (1974, given here in its 1989 expanded orchestration). Between them, all three works seemed to define a range of preoccupations that were then combined in the stupendous *Laborintus II* (1965) after the interval. Among these are collage techniques are *Ulysses*-influenced plays with multilingual verbal refraction, music-theatre experiments, use of quotations literary and musical as thematic reference-points; aptly, Paul Griffiths's programme-note deems *Laborintus II* a "maze of musical languages".

In many ways these preoccupations are stamped by the 1960s avant-garde. Now that the period is firmly tucked away in history, it is particularly rewarding to note how little these works have dated, and how considerably they depend on the basic strengths of Berio's musical inventiveness and his feeling for the boldly timed dramatic gesture. *Laborintus II* may also be deemed a voyage through a multicultural sonic landscape that is at the same time a vast fresco in which the figures of Dante and Monteverdi join hands with those of Pound, Eliot and Sanguineti. It is just the sort of masterpiece to put backbone in the *raison d'être* of the whole concert series.

Max Loppert

Rameau in New York

Rameau composed some 20 full-length pieces and many one-acters. We can face the future knowing that, even in our revival-eager age, life is likely to hold new Ramellian delights in store. A few of his works – *Hippolyte, Platée, Les Indes galantes, Castor, Dardanus* – turn up from time to time, though not often enough to satisfy true lovers of the composer, and not always in a satisfactory form.

Only Les Arts Florissants seem able to muster both the right-royal musical forces that Rameau could command, and even in their productions there tend to be fewer dancers than Rameau could count on for the ballets that form an integral part of his dramas.

But his music is so beautiful and so strong that even small-scale performances can be bewitching. Back in 1965, I wrote in these columns with rapture of an *Hippolyte* – the first Rameau opera staged in Britain – in the Birmingham's little Barber Institute. (Janet Baker and John Shirley-Quirk were the Medea and Theseus, Angela Hickey and Robert Tear the younger pair.)

In New York, the main suppliers of Rameau have been Concert Royal, a Baroque group directed by James Richman, and the New York Baroque Dance Company, directed by his wife, Catherine Turocky. Their latest offering was *Le Temple de la Gloire*, in what may have been its first production since 1746. It was presented in the excellent little underground theatre, Florence Gould Hall, of the Alliance Française. The forces were small: a band of 22, a chorus of 15, only eight dancers. But the work came to life.

Le Temple was composed to celebrate the Victory of Fontenoy (1745), in which Marshal Saxe defeated the Anglo-Allied army commanded by the Duke of Cumberland. (A year later, Handel composed *Judas Maccabaeus* to celebrate Cumberland's victory at Culloden.) Voltaire wrote the libretto, and chose to preach a sermon about Imperial virtue (which was coldly received by Louis XV). In its three acts, three candidates approach the Temple of Glory. Its doors remain closed to Bel, who is too bellicose, and to Bacchus, who courts easy, instant popularity; but they open for Trajan, who shows modesty and magnanimity in victory and looses the chains of five conquered kings who rose against him.

There is not the long dramatic sweep of Rameau's great operas. But there is sequence after sequence of irresistibly lovely and stirring music: a vision of pacific pastoral innocence, in the first act, that would melt a heart harder than Bel's; and torrents of birdsong at the close that unite Nature and Trajan's natural goodness. The famous "Rossignols amoureux" may have been an intrusion into *Hippolyte*, but the birdsong in *Le Temple de la Gloire* plays a dramatic role.

Christine Brandes – a shepherdess in Act I, Bacchus' beloved of the moment in Act II, and Glory herself in Act III – was a soprano who lit the stage. The others were patchy but not unaccomplished. Neil Farrell hit Bacchus' numerous haut-contre C's and D's sweetly and cleanly but faded below them. We don't get Arts Florissants fineness of execution in New York: from some of the orchestral intonation one flinched. But we did hear and see *Le Temple de la Gloire* performed by a company that believed in, and communicated, Rameau's greatness.

Andrew Porter

Three Judgements in One

GATE THEATRE, W11

London theatre is a never-ending amazement and education. True, on the one hand there are the big showy lobotomised musicals and other cheap-thrill tosh. But there is also a constantly changing array of the classics of world drama or the lesser-known plays of classic dramatists. The week before last, I saw not one play by Lope de Vega but two. And this last weekend I saw Calderón's *Three Judgements in One*, Euripides's *Hippolytos* and Ibsen's *The Pretenders*. Surely no other city in the world has such fare. And what a bumper age of translation this is.

Nor are these plays just pulled off the library shelves at random. They connect. The special fascination of *The Pretenders*, for example, is that it is a link in the chain of Ibsen revivals over the last two years. And this staging of *Three Judgements in One* (written probably during the 1630s) is part of a current trend in which the work of the three great playwrights of the Spanish baroque era, Lope de Vega, Calderón de la Barca and Tirso de Molina, is becoming better known: known where it belongs – onstage.

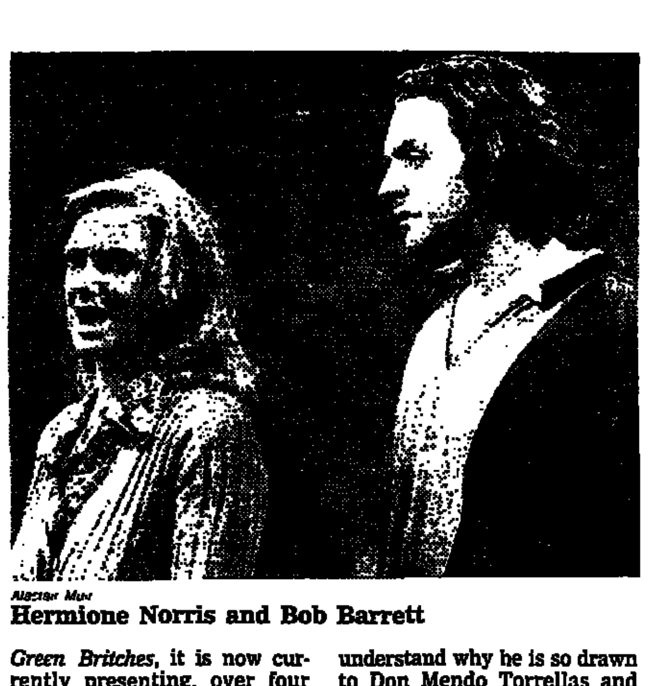
Cheek by Jowl presented Calderón's *The Surgeon of Honour* in 1989 and Lope's *Fuente Ovejuna* in 1990, and currently the RSC is giving Tirso's *The Last Days of Don Juan*. It is the little Gate Theatre, however, that has done most here. After staging Lope's *Punishment without Revenge* last year and then Tirso's *Don Gil of the Green Britches*, it is now currently presenting, over four months, a "Spanish Golden Age" season. This production of Calderón's *Three Judgements* is the second in the season, following Lope's *Gentleman from Olmedo*; Tirso's *Damned for Despair* follows next month, Lope's *The Great Pretenders* (currently on tour) in December.

Three Judgements In One deals with heredity. (So, by chance, do the two plays I saw the next day – *Hippolytos* and *The Pretenders*.) Father and son, both named Don Lope de Urrea, cannot understand their unnatural antipathy. Likewise, the younger Don Lope cannot understand why he is so drawn to Don Mendo Torrellas and his daughter Dona Violante. When finally the younger Don Lope assaults the elder one, the king of Aragon investigates the mystery of paternity behind all this.

The denouement demonstrates the king's judgement not only on the younger Don Lope's act but on the long-secreted betrayal and deceipt surrounding his parenthood. The ambiguities that run through this play are wonderfully at odds with the intense emotions and instant reactions displayed by characters. Somewhere among nobles duplicity is covert; but it is overt with the servant Vicente, who courts two women by lying to both. The plot keeps the audience always in suspense; and Calderón crafts it with a very fine intricacy.

The Gate staging of *Three Judgements in One* is not, alas, one of this house's best. The director, Simon Usher, and designer, Anthony Lamble, have put it in unflattering modern dress: tweed suits, leather jackets, mini-skirts. The exposed knees of Dona Violante (Hermione Norris) look stiff and inhibited; so does her torso, buttoned in Part One into a tight, horrid bright orange cardigan. The flower she gives Lope as a token is – can you believe? – a gladdie. When one Lope strikes the other, she bites her nails. Opening night also included a door that would not shut and a TV set that did not work.

It is still much better to see this play than to read it; *Three Judgements* is eminently stage-worthy. This production will probably gather fire with later performances. No actor here does poor work, though none as yet makes a piercing impression. Long speeches are too monotonous, vocal registers too narrow, deportment too dull. Gwynne Edwards's verse translation (recently published by Methuen) deftly employs octosyllabic lines, with occasional rhymes. It does not, however, always play well. The final ambiguity, explaining the play's title, is knotty without eloquence.



Alastair Muir

Hermione Norris and Bob Barrett

Alastair Macaulay

Final Cargo

WARWICK ARTS CENTRE

The Major Road Theatre Company and writer Noel Greig have attuned themselves to the spirit of the age. In 1989, their first collaboration, *Plague of Innocence*, was about Aids; now, their second, *Final Cargo*, looks at the environment. This eco-drama about the fate of a boat-load of toxic waste is a disparate piece of theatre with a stark message: stop poisoning the world. Anyone who drives away from the theatre leaded and uncatalysed will feel uneasy.

A captain, pilot, engineer and cook set out to an undisclosed destination in an old boat with a cargo purported to be fertilizer; a group of environmental activists trails in their wake, telling them exactly what they have on board. During a storm, the cargo – some form of volatile toxic waste – breaks free and leeches into the sea.

It burns on the water and sinks to a subaquatic hell peopled with mutants and covered in grime. Over and above, two baffled deities, Day and Night, provide a puzzled commentary; they preside with perpetual change over a world hurtling to its own destruction.

At first, the dramatic possibilities promise little; the play faces the problem of making the environmental issue dramatic. But in the theatre *Final Cargo* persists more as an attitude than a plot.

Greig takes a holistic view of the environment; there is no such thing as a local environmental disaster. Toxic sea-water, drunk up into the clouds, falls as distant, gentle, carcinogenic rain. The action mediates strangely between the metaphoric and the actual; in this, Greig's play resembles *The Ancient Mariner*; but in place of Coleridge's controlling supernatural forces, Greig puts economics and technology in charge.

Final Cargo is timely, its subject current. Perhaps against the stream of increasingly unblinkered information about the environment, the play courts nostalgia or sentiment. But it holds itself in check by balancing sad inevitability (ozone depletion is "one big circle of nothing") with a desperate struggle to understand the interrelatedness of things. The ecological answer? "Only Connect."

The director Alan Dix and lighting designer Kim Nichols make inventive use of an unhelpful flotsam-jetsam set; the five-strong cast performs with great gusto, switching parts and changing scenes rapidly. There is a wonderful, terrifying storm, and the "watery grave" scenes are tenanted with surreal figures and run on unreal logic.

The Yorkshire-based company tours *Final Cargo* in England and then leaves for two weeks in Moscow. As a play about an ecological disaster which makes mockery of "far away" and "close to home," *Final Cargo* lurks in the shadow of Chernobyl. It should find a knowing audience there.

Andrew St George

INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

Shakespeare's Julius Caesar rejoins the Stratford repertory next week (previews from Thurs at the Royal Shakespeare Theatre, Press night Oct 30). Steven Pimlott's first RSC production is designed by Tobias Hoheisel, and the cast is led by Robert Stephens as Caesar and Jonathan Hyde as Brutus.

Also at Stratford, the RSC presents Greek drama for the first time at the Swan Theatre when Sophocles' trilogy The Thebans opens for previews next Friday, in a new translation by Timberlake Wertenbaker (Press night Nov 2). The three-play drama – an epic story beginning when Oedipus unwittingly kills his father and marries his mother to become King of Thebes – will be performed over separate days, but can be seen complete on some Saturdays. It will be directed by Adrian Noble, with a cast led by Joanne Pearce as Antigone (0789-295623).

London has two world premieres over the next two weeks. Wyndham's is currently previewing Arthur Miller's new play The Ride Down Mt Morgan, starring Tom Conti, Gemma Jones and Clare Higgins. Press night is next Wed (071-867 1116). The Almeida is presenting Harold Pinter's Party Time, the first play by Britain's leading contemporary playwright since Mountain Language in 1988. Pinter himself will direct a cast including Dorothy Tutin, Barry Foster, Nicola Pagett and Peter Howitt. Previews begin on Oct 31, Press night on Nov 6 (071-359 4404). The Lyric Hammersmith has just begun a month-long run of Sylvia Freedman's play Lady Audley's Secret, followed in December by Shakespeare's As You Like It (081-741 2311). This summer's Chichester Festival production of Jacques Deval's Tovarich, starring Natalia Makarova and Robert Powell, arrives in the West End on Oct 29 for a limited run at the Piccadilly (071-867 1118).

Rambert Dance Company presents a short season at London's Royalty Theatre from Tues to Sat next week. The repertoire includes the London premiere of a work by Laurie Booth, set to a sound score by Hans Peter Kuhn and with decor by Graham Snow and costumes by Jeanne Spaziani – the same team which collaborated on Booth's New Text/New Kingdom. The two programmes during the week will also include Lucinda Child's Four Elements, Richard Alston's Roughcut and Siobhan Davies' Signature and Plain Song.

EXHIBITIONS GUIDE

BOLOGNA

Museo Civico Guercino: an exhibition marking the 400th anniversary of the birth of one of the finest 17th century Italian artists, who spent the last 20 years of his life in Bologna. There is a complementary exhibition at nearby Cento, Guercino's birthplace. Both end on Nov 10

BALTIMORE

Museum of Art Monet: 32 works on loan from the Museum of Fine Arts in Boston. Ends Jan 19. Closed Mon

FRANKFURT

Schirn Kunsthalle Picasso, Miro, Dali and the origins of modern art in Spain. Ends Nov 10. Also Arshile Gorky (1906-48): more than 100 works by the Armenian-born American artist. Ends Nov 10. Also Tapies and Books: a collection of prints and illustrated books by the Catalan artist (b1923). Ends Nov 10. Closed Mon

Städel Velasquez and Goya: portraits of Philip IV and Charles III, two of the greatest masterpieces from the Prado. The exhibition compares Goya's royal portrait with its illustrious forerunner and shows how he went on to reinterpret the concept of court painting. Ends Jan 19. Also the Städel Moderns 1906-37: paintings dubbed degenerate by the Nazis, including work by Beckmann, Chagall, Gauguin, Klee, Kokoschka and Matisse. Ends Jan 12. Daily

LONDON

Barbican Japan and Britain: an aesthetic dialogue 1850-1930, including works by Whistler, Rennie Mackintosh and others who contributed to the exchange of ideas and influences following the opening of trade links in the mid-19th century. Ends Jan 12. Daily

Hayward Gallery Toulouse-Lautrec: the most comprehensive exhibition of his work ever held in UK. Apart from portraits and figure studies, it includes his famed paintings of late 19th century Parisian night life, illustrations for theatre programmes, posters for the Moulin Rouge and caricatures of friends. Ends Jan 19. Daily

National Gallery The Queen's Pictures: nearly 100 paintings by Holbein, Van Dyck, Rembrandt, Vermeer, Canaletto, Gainsborough and others, tracing the growth of the royal collection over 300 years. Ends Jan 19. Daily

Tate Gallery Anthony Caro (b1924): new and recent work by the British sculptor, including a 76-foot long single sculpture entitled After Olympia and other works illustrating Caro's concern with the architectural dimension of sculpture. Ends Jan 26. Also Turner's Rivers of Europe, focusing on the artist's early 19th century tours. Ends Jan 26. Also William Blake: 150 watercolours, drawings and engravings from the Tate's fine collection of work by the English visionary poet and painter. Ends Nov 2. Daily

Victoria and Albert Museum Visions of Japan: the complexities of Japanese culture and lifestyle in the past, present and future. Ends Jan 5. Also Piero Fornasetti: drawings, graphic design and designs for objects by the Italian who brought his dreams and illusions into the modern interior. Ends Jan 19. Daily

MADRID

Fundacion Juan March Monet at Giverny: 20 oils dating from the period 1903-26, on loan from the Musée Marmottan in Paris. Ends Dec 22. Daily

MANCHESTER

City Art Galleries The New Look: design in the 1950s, a reassessment of the way shapes, colours and materials were liberated after the stagnation and frustration of the war years. Ends Jan 5. Daily

Whitworth Art Gallery Girtin and Turner: a comparison of watercolours, following the careers of both artists until Girtin's premature death in 1802. Also Landscapes in Oil, including works by Constable. Ends Feb 8. Closed Sun

NEW YORK

Brooklyn Museum Objects of Myth and Memory: 250 native American objects acquired in the first years of this century, most of which have not been on public view for decades. Ends Dec 29. Also Sigmar Polke, tracing the German artist's output from 1963 to the present. Ends Jan 5. Closed Mon and Tues

Metropolitan Museum of Art American Watercolours: 150 masterpieces from the museum's own collection. Ends Dec 10. Also a major Seurat exhibition and another devoted to his neo-impressionist followers. Ends Jan 12. Also French 19th century drawings: 30 recent aquisitions. Ends Dec 1. Also Renaissance tapestries and armour from Flanders, Germany and Italy, on loan from the Patrimonio Nacional Madrid. Ends Jan 5. Also Indian and south-east Asian art: 200 small sculptures, including a rich representation of Javanese bronzes. Ends June 92. Closed Mon

Museum of Modern Art Tadao Ando: first American retrospective devoted to the Japanese architect (b1941). Ends Dec 31. Also Dislocations: site-specific installations by seven artists, including Bruce Nauman and Adrian Piper. Ends Jan 7. Closed Wed

PARIS

Galerie d'Art St Honoré Flemish landscapes of the 16th and 17th centuries: a small but exquisite exhibition combining the earthiness of Peter Brueghel the Younger's country life scenes with visionary blue and green mountain landscapes by Josse de Momper the Younger. Ends Dec 20. Closed Sat and Sun (267 rue St Honoré)

Grand Palais From Watteau to David: 70 works from the school of 18th century painting which specialised in depicting scenes from classical mythology. Ends Jan 6. Closed Tues, late closing Wed

Grand Palais Géricault: a retrospective marking the 200th anniversary of the birth of one of the most influential figures in the development of the Romantic movement in art. Géricault replaces David's cold neo-classical style with a romantic vision of prancing horses, gold and scarlet uniforms and dramatic subject matter. Ends Jan 6. Closed Tues, late closing Wed

Grand Palais A Golden Age of Decorative Art: 350 works from the period 1814 to 1848, including mahoganny armchairs, bronze works, jewellery, tapestry and porcelain, much of it commissioned by the Bourbon monarchy. The style is technically perfect but heavy, with overwhelming decorations. Ends Dec 30. Closed Tues, late closing Wed

Musée des Arts Decoratifs Les Dubuffet de Dubuffet: the founder of art brut donated his personal collection of his own work to this museum in 1967. Ends March 29. Closed Mon and Tues

Musée Picasso Picasso: 100 works from the years 1893-1905. Ends Nov 25. Closed Tues, late closing Wed

ROTTERDAM

Museum Boymans-van Beuningen Perspectives: Saenredam and the Dutch architectural painters of the 17th century. Ends Nov 24. Also Michael Byron: 100 recent drawings by the American artist, plus Friso Kramer: recent interior design work. Ends Nov 17. Closed Mon

STOCKHOLM

Nationalmuseum The Empire Style in Sweden: early 19th century neo-classicism in painting, sculpture and interior design. Ends March 29. Closed Mon

VENICE

Fondazione Cini From Gaudi to Picasso: 160 exhibits, including sculpture, paintings and drawings by leading Catalan artists of the late 19th and early 20th centuries. Ends Nov 24. Closed Mon

WASHINGTON

National Gallery of Art Circa 1492: Art in the Age of Exploration. 600 paintings, sculptures, drawings and decorative objects, as well as maps and scientific instruments, from Europe, Africa, Asia and the Americas, with works by artists as diverse as Leonardo da Vinci, Albrecht Durer, Shen Zhou, Islamic scribes and bronzecasters of Benin. The exhibition is organised into three sections: Europe and the Mediterranean World, Toward Cathay and The Americas. Ends Jan 12. Daily

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Regenerating inner cities

THE ARCHBISHOP of Canterbury yesterday ruminated further on the controversy which erupted when he said that last month's riots in Newcastle upon Tyne were "inextricably linked to social deprivation". While condemning the violence, he was rightly unapologetic about emphasising inequality and injustice as the underlying force. Those who riot must be punished, but preventing future riots means doing something about the deprived urban estates where most such violence occurs. The well-heeled may occasionally resort to mindless violence and many people living in deprived circumstances would never dream of breaking the law. But people who have a stake in society in the form of a home and job are less likely to throw petrol bombs than those who do not.

Dr Carey went on to commend the government's approach to urban regeneration, which has achieved some success in tackling inner-city deprivation. At its heart is the use of public funds to stimulate a property-led regeneration of inner cities. By clearing dereliction and improving infrastructure, the urban environment is made attractive to private investors. Each pound of public money can lever in three or more pounds of private sector investment.

One obstacle to previous attempts to regenerate the inner cities was the failure of local councils to break out of their bureaucratic ways. The urban development corporations were created to cut through red tape, particularly in planning controls. Task forces brought together civil servants from various departments to co-ordinate efforts and funds locally. The time and skills of business leaders were commanded to head up the process.

Startling successes

The new approach has had some startling successes, though not across the board. Now, Mr Heseltine's return to the environment department has reinvigorated the government's approach. He is trying to create a new type of leadership at local government level, to repeat the success of the UDCs in all inner-city areas.

One element is reform of local government structure to create powerful mayors or chief executives who can provide leadership. A second is to invite councils to bid for urban regeneration funds, rather than allocate them from the centre – the money going to those with packages which appear likely to bear fruit.

The bidding process was successfully piloted in this year's City Challenge, when 17 councils were invited to bid for £410m of funds over the next five years – 11 were successful. This new approach looks to be a good way of reviving the partnership between national and local government which all but collapsed during the 1980s.

Compulsory tendering

A mixed economy approach has been further stimulated by the advent of compulsory competitive tendering among local authorities – a reform Labour foolishly threatens to reverse in order to appease the town hall unions.

But if City Challenge is to succeed, it must concentrate resources so that a significant impact can be made. Given the long-term nature of regeneration, it must hold to its five-year funding timescale, rather than the shorter horizons of politicians and public expenditure rounds.

Other reforms are also needed to tackle a problem of such daunting scale, made worse by high structural unemployment and persistent poverty. One advance would be to ensure that development projects generate more benefits for local people – too often, the shining palaces of the UDCs have been built and staffed from outside the local area.

As mutual confidence between Whitehall and local authorities grows, councils are also right to demand more freedom to hold significant stakes in joint public-private projects in which they wish to invest. At the same time government departments could do more to co-ordinate the provision of funds – the kind of detail Mr Heseltine's critics say he is good at overlooking. The cold war between Whitehall and the town halls is over: it is time for reconstruction.

Pandora's box on the Bosporus

THIS SUNDAY'S general election in Turkey seems likely to mark a turning point in the country's political life.

Since Turkey's generals handed over power to civilians in 1983, the country has been ruled by the Motherland Party. First as prime minister and later as president, the party's founder, Mr Turgut Ozal, has pushed through a programme of free-market economic reforms, while following a staunchly pro-western foreign policy.

In the eyes of the rest of the world, these policies have borne impressive fruit. Under the Motherland Party, Turkey has enjoyed political stability and strong economic growth, even if its record on human rights remained questionable. At home, however, the Motherland Party has been dogged by several failures.

Its policies are widely felt to favour the very rich in a country where per capita income is still less than $2,000 a year. Inflation is now close to an annual rate of 70 per cent.

The government has also failed to respond to the aspirations of Turkey's 15m Kurds and the problems of the poverty-stricken eastern provinces where many of them live. As a result, it is fighting an unsuccessful war against Kurdish guerrillas which has spread throughout eastern Turkey, and now spilled over into Iraq.

In the last two years, the ruling party's unpopularity has been exacerbated by Mr Ozal's unprecedented use of the supposedly neutral office of president of the republic both for partisan political purposes and to promote members of his own family. Mr Mesut Yilmaz, who took over as party leader and prime minister in April, seems to have underestimated the challenges facing his party when he decided to go to the country a year earlier than was necessary.

Little enthusiasm

None of the parties has been able to kindle much enthusiasm among the voters. The two main opposition parties – the centre-right True Path Party and the Social Democracy Populist Party – are pledged to dismantle the authoritarian constitution which the Motherland Party inherited from the military, but voters seem sceptical about their ability to manage the economy.

Some Turks will look to two other parties on the fringes. The Welfare Party, which wants a fully Islamic political and social system in Turkey, seems to be growing in strength, reflecting several decades of heavy investment in Islamic education in what is still a nominally secular country. The Democratic Leftist Party, headed by Mr Bülent Ecevit, a former social democrat prime minister, is also likely to get into the next parliament. Despite its name, the DLP is campaigning on an unashamedly nationalist ticket of no compromise over Cyprus or with the Kurds.

Front-runner

The front-runner in the elections seems to be the True Path Party, led by Mr Süleyman Demirel, the conservative prime minister deposed by the military in 1980. A TPP victory would represent an astonishing comeback after years in the wilderness. But unless Mr Demirel does very much better than expected he would win power only as senior partner in a coalition. The previous coalition governments which he led in the 1970s were disastrously weak, leading to political and economic collapse and so to the military coup.

Although almost any combination of parties now seems possible, Mr Demirel's first choice as coalition partner may not be the Motherland Party, which he hopes ultimately to eliminate from national life. Both he and the social democrats want to settle old scores with the military, and with Mr Ozal, who rose to power by serving under the military after the 1980 coup.

One serious possibility is thus that the next Turkish parliament will produce a coalition government with no commitment to the economic reforms of the past decade and bent on confrontation with President Ozal. It is natural that Turkey's 28m voters, many of them living close to subsistence levels by European standards, are impatient for greater freedom and prosperity. But it looks ominously as if they are about to open Pandora's box once more.

Incumbent and contenders: Javier Pérez de Cuéllar, Bernard Chidzero, Sadruddin Aga Khan and Brian Mulroney

Edward Mortimer on challenges for the world body

New boss for fitter UN

These are decisive days for the United Nations. Most obviously, it is about to acquire a new secretary-general. But that is only the most immediate and tangible of the challenges it faces.

Five or six years ago the UN was still widely dismissed in the west as a useless talking shop. The Third World, for its part, complained bitterly that the great powers did not take it seriously. The end of the cold war has changed that. With the five permanent members ("P5") no longer at loggerheads, the veto has been less in evidence and the Security Council has begun to look more like the guardian of world peace and security which the UN Charter intended it to be.

Most spectacular was the use of the Council's authority to reverse and punish Iraq's aggression against Kuwait. Probably more typical of the UN's future role are agreements to settle regional conflicts, negotiated with varying degrees of UN assistance, but all including a UN peacekeeping role. Nine new UN peacekeeping operations have been mounted since 1988, compared to 13 in the previous 43 years.

Many of these conflicts are more civil than international. The UN's role is expanding from a purely inter-governmental one to that of a force for peace within states, sometimes even a protector of oppressed peoples against their governments. The retiring secretary-general, Mr Javier Pérez de Cuéllar, hailed this development in his annual report to the General Assembly last month, but warned that it does not give states a right to intervene unilaterally in each other's affairs.

Meanwhile Third World governments have accepted that General Assembly resolutions, even if passed by thumping majorities, do nothing to alleviate the plight of the poor and the weak (the "south"), unless the rich and the strong (the "north") can be persuaded to take notice. Confrontation has gone out of style; the search for consensus is in. That puts a greater onus on the north to seek solutions to global economic problems which offer the south some hope. And increasingly the north is turning to the UN as a forum in which to discuss its own agenda, such as environment, population, weapons proliferation and migration.

The opportunity for the UN to play a central role in solving the world's problems is real. But at present it is neither financially nor administratively well equipped to do so.

"It is hardly comprehensible," complained Mr Pérez de Cuéllar in his report, "that governments impose far-reaching and costly responsibilities on the organisation ... but are themselves unwilling to fulfil corresponding financial obligations."

As of last week, when he reported to the General Assembly's budgetary committee, there were unpaid dues of more than $962m, of which $344.5m was owed by the US alone. Those figures refer to the regular budget and do not include the cost of peacekeeping operations for which the US is a further $173m in arrears. The total regular budget proposed by Mr Pérez de Cuéllar for the next two years is less than $2bn, while extra-budgetary funding comes to slightly more than $3bn – minuscule figures compared to the state budgets of most countries. It is hard not to sympathise with his complaint that the world expects peace and security on the cheap.

Yet governments can and do justify their reluctance to pay more by pointing to the irrational structure of the secretariat, in which some 40 senior officials are supposed to report directly to the secretary-general. In practice many departments are effectively unsupervised and the real work is done by a handful of overworked people.

On paper the organisation of the secretariat is a matter for the secretary-general himself. In reality the problem has been caused at least partly by member states lobbying to secure senior posts for their own nationals. But the new secretary-general will find on his (or her) desk a plan sponsored by 22 member states, proposing that henceforth all "major activities" be regrouped into four departments, each headed by a deputy secretary-general.

Under these would be a maximum of 22 under secretaries-general. No more than one national at a time from any member state would serve at this level or above, and nationals of the same member state would not be allowed to succeed each other in any of these posts. Thus Britain, for instance, could not reserve the under secretaryship in charge of peacekeeping for a UK subject, as it has done up to now.

The "P5" seem certain to reject a further suggestion, that for the next five years they should not seek any of the four top jobs for their own nationals. But they accept that the job of secretary-general itself is still closed to them. (Rumours that it might be offered to Mr Eduard Shevardnadze or even Mrs Margaret Thatcher can be discounted.)

A Japanese candidate might be acceptable to the Third World, yet useful to the five permanent members as a way of staving off Japanese demands to join their number

The "P5" also reject suggestions that, having assumed the political leadership of the UN, they now wish to reduce the secretary-general to a purely administrative role. The secretary-general, they say, has an important political role to play, notably in drawing the attention of the Security Council to crises before they reach boiling point. To do this he or she must be a person of authority.

Clearly much will depend on who that person is. Mr Pérez de Cuéllar's wish to retire at the end of the year, when his second five-year mandate expires, is accepted as genuine. So his successor must be appointed by the General Assembly in its current session, "on the recommendation of the Security Council", which has set itself a deadline at the end of this month. In practice, the views of the "P5" will be decisive.

The idea that it has to be an African this time, simply because it never has been yet, is generally rejected as unworthy of the moment. The Chinese promise to veto any non-African is unlikely to be kept much beyond the first ballot, any more than the British pledge to vote for Mr Bernard Chidzero, the Zimbabwean finance minister, which is essentially a courtesy to the hosts of this week's Commonwealth conference.

Mr Chidzero cannot make it without US support, which most punters think he will not get. Speculation centres on the personal views of President George Bush. A few weeks ago much supposedly smart money was riding on Prince Sadruddin Aga Khan, an occasional tennis partner of the president's and currently co-ordinator of the UN's activities in Iraq. But he has never been popular with the UK government, which finds him long-winded and weak-minded. Anyway, he is thought to have scuppered his own chances with a recent article in the New York Times urging the UN to compromise with President Saddam Hussein over control of the proceeds of Iraqi oil sales.

A more recent favourite is the Canadian prime minister, Mr Brian Mulroney. By exchanging the leadership of his own country for that of the UN, Mr Mulroney would presumably raise the prestige of the post in the world at large – though not perhaps in Canada where he is at an all time low in the opinion polls.

Some senior officials at the UN take Mr Mulroney's candidacy very seriously. Others dismiss it out of hand, saying that any English-speaking white would be seen as simply an extension of Anglo-American power. By contrast a strong Japanese candidate, emerging after several more or less token ballots, might be acceptable (just) to the Third World on grounds of skin colour, yet useful to the "P5" as a way of staving off Japanese demands to join their number.

But what is striking is the universal assumption that the matter will be settled behind closed doors between the "P5", and that Mr Bush's personal preferences will matter most. With that build-up there will be a considerable onus on the successful candidate to prove that he or she is not, after all, purely a creature of the great powers, but a credible and forceful spokesman for the wider world community.

What price ideology?

China's economic reforms are stalling, says **Robert Thomson**

A series of closed crisis meetings of the Chinese Communist party and its chief economists has so far failed to reach agreement on a basic question of the party's creed: who should own the means of production?

The country's state-run factories are crippled by inefficiency and fast losing market share to the rural industries spawned by the economic reform programme of the past decade. The economic issues are difficult enough, with an estimated 41 per cent of state factories losing money this year, but the political challenge is sensitive in the extreme, as the non-state sector now accounts for about 40 per cent of industrial output.

Party pragmatists argue that state factories should be made more responsive to the market, while non-state industry should be allowed to flourish. But party ideologues are in favour of pumping more funds into state factories and increasing central control over the thriving non-state sector.

The problem is made more complex by China's rising budget deficit, which has more than doubled to Yuan 50.9bn (£5.2bn) over the past three years, disturbing the party ideologues, and also limiting their ability to fund debt-ridden state factories. However, reducing the deficit will mean implementing changes, such as allowing factories to go bankrupt. Such measures are opposed by the influential ideologues.

The poor performance of state factories is an indication of the success of economic reform. In the past state industries tended to believe that demand for their goods would go on expanding forever, regardless of product quality. Now China has changed and some consumers have become quality- and brand-conscious, while the old-style factories have continued to churn out unwanted watches and black-and-white television sets.

In the northern industrial province of Liaoning, government economists reckon 71 per cent of factories are losing money, and they are at the centre of what is known as the "debt triangle". Cash-strapped state factories are refusing to pay debts, prompting their creditor companies in turn to refuse to service their own borrowings. In Liaoning, unpaid inter-enterprise debt rose 74 per cent last year to Yuan 25.3bn.

China's ailing factories are unable to afford raw materials such as coal, steel and cloth, as most prices are now set by the market. It has become common for factories to sell on their state-subsidised raw materials – which still account for 40 per cent of the total – at market prices to non-state factories to increase revenue. Still, many factories do not have enough funds to upgrade equipment that is 30 years old or to invest in new products.

Reforms designed to improve labour efficiency by providing bonus payments have also failed to boost output. Party officials have undermined the scheme by arguing that pay differences should be minimal, regardless of productivity, to maintain equality.

Party officials pushing for further market reforms say their biggest problem is that Chinese factories have always been more than factories. They are "work units" responsible for housing, pensions and health cover, and until some of these functions are stripped away, most of them cannot be allowed to fail.

Housing reforms have been discussed but only slowly introduced. Communist party pragmatists argue that a new body should be set up to buy and manage factory housing, and tenants should be allowed to buy or rent their apartments. The factory could then become more of a commercial entity.

In the closed central party meetings, the reformers suggested the introduction of a share-ownership system under which: an enterprise would hold about 30 per cent of its own shares; a state capital investment fund would have a stake; other state-owned enterprises would take cross-shareholdings; employees would be offered shares; and individuals could buy shares.

By Chinese Communist standards it is an ambitious plan, but, technically, the factory would still be state-owned. The scheme would, however, provide an investment option for ordinary Chinese, whose fast-accumulating savings worry party conservatives fearful of an inflationary consumer spending spree.

Non-state factories – estimated to employ 98m people – are run by towns, co-operatives and individuals, generally in rural China. In the first half of this year, their production rose 23.7 per cent. Last year they were the source of 22 per cent of China's exports, and they account for some 75 per cent of garment production and more than a third of coal, cement and paper manufacture.

Party conservatives want tighter controls on these factories because they allegedly evade taxes, use up scarce raw materials and cause pollution problems. The last complaint is equally true of state-run industry, and while some of the newly-emerged rural factories are wasteful, others are providing an increasing number of the goods found on foreign department store shelves.

The Communist party cannot afford to delay further market reforms, and yet the ideological price for relaxing central control appears to be too high for party conservatives. It now comes down to a question of how much those cherished Communist tenets are worth in Beijing.

OBSERVER

After the ball

■ Most of us would be kept fully occupied by the job of running one of world's 10 biggest economies while fighting 1,800 per cent annual inflation. But not so Brazil's first woman economy minister Zelia Cardoso de Mello.

A new biography tells how, during just 15 months in office, the 38-year-old found time for affairs with the law minister and the head of the National Development Bank, not to mention a doctor, before resigning exhausted in May after the failure of her radical plan to curb rising prices.

But inflation and suchlike do not get much space in the book – Zelia, The Passion – based largely on her private diaries. Smacking of a Hollywood romance, it focuses on her fling with married law minister Bernardo Cabral, forced to resign after cameras surprised the two unguardedly doing a Besame Mucho. (A Latin-American dance – Ed.)

Besides learning that Cabral enlivened cabinet meetings by passing notes cheekily extolling her short-skirted legs, we're told of champagne dinners and secret rendezvous in hotels in Paris and Sao Paulo, and romantic breakfasts in New York's Trump Tower.

Many see the book as an act of vengeance against Cabral who was Cardoso's great passion.

He evidently promised to leave his wife to set up family with Zelia, and when she resigned the two flew to Paris. Alas, after six days of "honeymoon" he abandoned her there, allegedly going to visit his dentist but in fact returning to the missus.

While the book may leave something to be desired by serious students of finance, it is likely to be welcomed by Brazil's creditor banks. Cardoso made their life hell with her aggressive stance and refusal to negotiate, goading them into complaints that whatever she might be good at, it wasn't economics.

They should be amused to find Brazil's former Iron Lady forlornly describing herself as "an abandoned Cinderella".

Over and out

■ Halcion, the sleeping pill banned with some éclat by the UK authorities, is not only still on sale in the US but is, we hear, the standby of President George Bush and his Secretary of State, James Baker.

"Give us one of the blue boys, Jim," the president has been heard to cry when anxious to snatch a few hours sleep on Air Force One.

That's a mite worrying given that the drug is alleged to increase aggression. In August a woman won out-of-court damages against the US manufacturers after claiming she had killed her mother while under its influence.

Indy repentant

■ As Britain's political journalists have always enjoyed hunting in packs, it's nice to see the last straggler creeping back into the Downing Street lobby. With a minimum of fanfare, The Independent newspaper – self-styled breaker of the mould of British journalism – has repented of its refusal to attend clandestine briefings given by the prime minister's office.

While the Guardian and Scotsman have also rejoined, the Indy's about-turn is the most arresting. Its editor Andreas Whittam Smith explains the move by saying that, under Mrs Thatcher and her ferocious press secretary Bernard Ingham, the lobby system "ill served the interests of its readers". With the change in Downing St, his reporters can put in an appearance with a clear conscience, confident the off-the-record briefings are not going to be used to "rubbish" ministers and opponents.

"I just saw Michael Fish go flying past the window."

Oddly enough, Ingham sees the move rather differently. "They never left the lobby, they daren't. They never ignored my briefings. They just importuned their colleagues outside", said the bristling Yorkshireman yesterday, adding that he himself had "more principle in his little finger".

That said, Ingham is disturbed at the way the Major regime is allowing standards to slip. Letting reporters attribute stories to "Number 10 sources" is the thin end of the wedge, he says. "The telly boys will be demanding on-the-record briefings next".

Volk about

■ "Separatists of the world unite." That somewhat mind-boggling message is being toted around engulfed small nations of Europe this week by the leader of South Africa's Afrikaner separatists, Robert van Tonder.

Head of the Boerestaat party – whose members, heavily outnumbered in a nation of blacks, want a separate homeland for the "volk" – he is marching what he calls a Boer Freedom Deputation around the frustrated nationalists of the west. On the itinerary are Wales, Scotland, Flanders, the Basque country, Friesland, and Northern Ireland.

The object is to unite the "stateless peoples" of the world behind the cause of autonomy for small nations, says van Tonder who makes out a coherent case, in perfect English, for an Afrikaner state.

There is, however, nothing small about his territorial ambitions. He claims the whole of the old Boer republics of the Transvaal and Orange Free State, an area which happens to include most of South Africa's mining and industrial assets.

True, he magnanimously insists that the volk would not expel anyone from their new republic (unlike the lunatic Afrikaner fringe, which would ban blacks, even as labourers). But it's unlikely that a new (largely black) government would see things his way.

He'd be lucky to end up with a parched corner of the northern Cape.

Homeward load

■ British Rail's impending fare rises, many at double the inflation rate, may well drive more travellers into the arms of the notorious "W" club.

Its members are homebound commuters who knock back a pint, or a dram, for every station beginning with a W between London's Waterloo and their home stations. Main topping-up points are Wimbledon, Walton-on-Thames, Weybridge, West Byfleet, Worplesdon, Woking and Witley.

The journey ends with a final round of drinks at Whaslemere.

A long march towards Euroarmy

Before it can have an army the EC needs a closely co-ordinated foreign policy, argues David Buchan

France and Germany have now set the highest ambition ever for the European Community – a European army which could eventually be pressed into the service of a common EC foreign and security policy.

But the plan, unveiled this week, begs many questions.

How would the Western European Union (WEU), the nine-nation defence organisation to which the "European corps" would answer, eventually mesh into the EC? Would the new-style WEU maintain enough of a link with Nato so as not to alienate the US? What happens if the nine EC states which belong to the WEU do not want to take Greece into the defence organisation because of its quarrels with Turkey, or if Denmark baulks at joining as a full member or neutral Ireland as an observer? How long would it take the "acorn" of the 4,000-strong Franco-German brigade to grow into the "oak" of a multinational army corps? And where would such troops come from, if not from those already dedicated to Nato?

However, when France, a nuclear weapons power, and Germany, fielder of the largest army in the EC, speak on defence, their 10 partners listen. Britain's reservations about the Franco-German plan are shared to a lesser extent by the Netherlands and Portugal. Denmark and Ireland want the status quo on defence to remain. But more than half the EC states now clearly feel they must have some sort of European defence framework if they are to maintain any sort of military establishment. The Soviet threat – Nato's rationale – will not alone convince their taxpayers to stump up for much longer.

Yet the most basic question is in what circumstances would EC states ever decide to use such an army. To plan a joint army before you have a common foreign policy is like trying to sprint before you can stand upright.

Common EC votes on UN General Assembly resolutions*

Year	Percentage
1990	44.2
1989	47.0
1988	46.0
1987	46.5
1986	39.1
1985	39.4
1984	32.2
1983	31.8
1982	41.1
1981	46.1
1980	53.2
1979	56.8
1978	62.1
1977	60.0
1976	57.5
1975	65.3

* Excludes uncontested resolutions

For the past two decades, EC states have had co-ordinated, rather than common or identical, foreign policies. In 1970 they established a procedure known as European Political Co-operation (EPC). This has functioned like a private club between consenting foreign ministries. Their political directors meet at least once a month, and their heads of geographical departments confer several times a year.

The 1986 Single European Act gave EPC some legal standing, and a six-person secretariat which rents for one Ecu a year a perch in the Council of Ministers building in Brussels. Yet it remains a gentlemanly affair, operating by consensus. EPC has had its high points: keeping EC states together in the Conference on Security and Co-operation in Europe (CSCE); issuing the 1980 Venice declaration calling for Palestinian self-determination; and laying the political groundwork for EC trade sanctions against Argentina, South Africa and Iraq.

Yet the dozens of foreign policy declarations which come out of EPC each year give an exaggerated impression of success. The Twelve tend to zero in on issues they know they can agree on, and to let silence cover their disagreements. They are markedly less successful when acting on some other body's agenda, as their voting record at the United Nations shows (see table). The more members the EC acquires, the more naturally varied their views. This trend will sharply increase if EC membership doubles over the next decade – unless the Community comes up with a new foreign policy mechanism.

Most EC countries now favour a system which ensures, by means of formal constraints and possible majority voting, that member states not only try, but actually succeed, in forging a common foreign and security policy. Virtually every draft treaty in this year's political union negotiations has contained a list of areas where the Twelve should act jointly. The core areas on such lists are relations with the US, the Soviet Union and eastern Europe, to which the latest Franco-German plan has added the often fraught area of policy towards the Middle East.

Only Britain is strongly against such change. Ironically, the UK has been the great enthusiast and innovator in behind-the-scenes political co-operation. It was Britain which in 1980 pushed for a strengthened commitment, which helped bring the Commission into EPC in 1981, and backed Germany in 1984 in trying to extend co-operation into the security field. It was as though British diplomacy, having lost an empire for which the Commonwealth proved no substitute, had found a new lease on life in EPC.

Mr Douglas Hurd, a former diplomat as well as UK foreign secretary, has reacted almost allergically to what he sees as the threatened straitjacket of "common action" being written into the EC treaty. "What matters," he says, "is the *will* to act jointly. We are under increasing compulsion from events outside the Community to act together, and this is stronger and more effective than any treaty clauses." He ridicules the idea, contained in the political union treaty drafts presented this year, that while basic foreign policy decisions should still be taken by unanimity, measures to implement them could be decided by majority.

The EC acted by consensus in taking the basic decision to send monitors to Yugoslavia. Does that make every subsequent decision one of "implementation", Mr Hurd asked. If EC monitors in Yugoslavia get shot at (and some have been), and the Community is faced with the stark option of pulling them all out or reinforcing them with military protection, can such a decision be taken by majority? On a wider plane, he scorned his colleagues' failure to realise that foreign policy issues were too volatile to be pigeon-holed in a treaty as permanently suitable for common action.

But such logic has moved few of Mr Hurd's colleagues. Many argue there is an overriding symbolism in the Community introducing into foreign policy an element of majority voting, or the threat of it, that has so smoothed the passage of internal market directives into EC law. Some governments, like that of Belgium, still conscious of its feeble performance during the Gulf war, want Community cover for doing what they ought to, but dare not for domestic reasons. Others like Germany seem to want a Community straitjacket for the opposite reason – to prevent them being pushed by domestic pressure into doing something they ought not to do (like breaking EC ranks by prematurely recognising Croatia). Even France now agrees to taking some EC foreign policy decisions by majority verdict.

In sending observers into the Yugoslav civil war, the Community may already have technically broken the Single European Act provision that limited EPC to the political and technical aspects of security. But the general EPC need for consensus has prevented the Community from being more effective. Throughout August, Ireland prevented any discussion of military action. "Such action might not have been at all wise," says one Commission official, "but that was precisely what we needed to establish by open debate."

Two clearer examples of how EPC has outlived its day come elsewhere. In September 1990 the EC decided in principle to give aid to friendly frontline states bordering Iraq, but it took until December to agree to pay out a single Ecu. A majority decision would have avoided a delay which cost the EC political influence in the run-up to the Gulf war.

The second, more ludicrous, instance is that the Danish parliament has been holding up for months the lifting of the EC's 1986 sanctions against South Africa, which do not even affect Denmark (because Copenhagen took earlier, unilateral, measures against Pretoria). The UK, which might be most expected to protest at Denmark's blocking, has uttered not a peep, because it values the principle of unanimity even more than rewarding the end of apartheid.

Future enlargement of the EC will mean that governments will occupy the rotating presidency less often and will thus have less experience to draw on in handling the ever-more complex foreign policy agenda. If the Yugoslav crisis drags on, will Portugal be able to match the vigorous Dutch mediation of recent months when it takes the EC chair in January? Clearly, EC presidencies need more resources; the plan is to merge the tiny EPC secretariat with the much larger one of the Council of Ministers, but the latter has little diplomatic expertise.

If Europeans are keen to give the Community an army as if it were a 19th-century state writ large, then the first step would have to be a foreign policy made and implemented in common.

Joe Rogaly

Paying for Scotland

Here's an outrageous question: if Lithuania, Estonia and Latvia can have their independence, why not Scotland? It is outrageous because, at first blush, it insults brave people who had to fight their way out of an oppressive empire. You could argue – I would not dream of doing so – that the Scots are merely moaning and whingeing while enjoying a generous arrangement to which they themselves agreed in 1707. Yet when such observations are put behind us the question remains. Why should the Scots not have their own devolved government, or, if that is what they prefer, their full independence?

I tried this on half a dozen Cabinet ministers during the Conservative party conference last week. It seemed best to risk the Baltic version of the question. No one responded with the "insults" argument. To a man they blinked, stared thoughtfully for half a minute or so, then replied that if the Scots wanted to run their own affairs so be it – but they could not have so much English money and they would lose up to 20 of their seats in the Commons. There is some justification for this latter threat. The Hansard Society has calculated that a fair distribution of seats to Scotland would reduce their current number of MPs by 13. The blinking English Tories might settle for that.

Yet this is not the government's position. It is not the answer you would get from, say, Mr Ian Lang, the Scottish secretary. In the run-up to the general election, Mr Lang is well able to look after himself. He could point out that to the government's way of thinking the union of Great Britain and Northern Ireland represents the established order. The Conservatives are the party of the established order. They do not plan to change it. The vote went against devolution when Labour called a referendum. Even now opinion polls indicate that constitutional change is near the bottom of the list of Scottish voters' concerns. The clincher is that Scotland benefits from the union. Its economy would suffer greatly without it. Meanwhile, the Conservative chorus insists, Tories are set to gain seats up there.

It is, however, likely that the above Conservative gramophone record will be changed after the next election. This is not to say that the prime minister is currently planning a U-turn on Scotland. So far as I can discover, he is not. But on any reasonable view of Scottish political realities, the Tories will be obliged to alter their stance. They are down to nine of the 72 Scottish seats. A 10th, Kincardine and Deeside, was held by the late Alick Buchanan-Smith. The chances are that it will be taken by the Liberals at the by-election on November 7.

A Conservative general election victory is unlikely to be accompanied by an appreciable increase in the number of Tory-held seats in Scotland. It would, however, precipitate a surge in support for the Scottish nationalists, at the expense of Labour. The argument that it is no use voting Labour in Scotland if all you get is Tory governments based on English votes would have a strong resonance. The consequence would be an increase in Scottish disaffection, which would play nicely to the English and Tory temptation to let them stew in their own juice. The argument from principle – that Scotland does not want to loosen the ties – could be demolished by tallying the total vote for parties favouring devolution or independence. That would smother the vote for the Conservatives. My bet would be on another referendum.

The argument that Scotland does not want to loosen ties could be demolished by tallying the vote for parties which favour devolution

If Labour won it would be obliged to make good its promise to legislate for a Scottish parliament. This would be the beginning of the story, not the end. For as you might expect, there is less to Labour's promises than meets the eye. The reason is that Labour's fiscal proposals for Scotland are unclear.

As I understand it, total revenue from all Whitehall-determined sources, including VAT and income tax paid in Scotland, would be controlled by the national Treasury. It would be limited by a formula similar to the present one. Every year, Scotland's underlying grant is increased or decreased by 10/85ths of the relevant change in comparable English programmes. The basic grant was loaded in Scotland's favour when the last Labour government introduced the formula. So spending per Scottish head is about a fifth higher than the English equivalent. That would not automatically change under Labour.

There is one loophole. Labour proposes that the Scottish legislature would be able to raise taxes on its own account. Big deal. The Labour leader, Mr Neil Kinnock, is quoted as saying in a recent interview in The Scotsman that the new parliament would "take the risk of stabbing itself in the chest by putting an extra slab of taxation on". That of course was no reason to deny it the power to tax. His way of putting it does little to disguise Mr Kinnock's inherent scepticism as to the likelihood that the tax-raising power would be put to serious use.

If it isn't, why then few would benefit except the Scottish politicians elected to their own assembly. There would still be a secretary of state for Scotland in a Labour cabinet. The prime minister would doubtless hold her or him responsible for Scottish implementation of national policies. Living on its glorified handouts from Whitehall the new north-of-the-border parliament might make marginal changes, important to the recipients, but Scotland would continue to be regarded by London as a fiefdom.

As a southern sympathiser, I offer one hopeful thought. Let Scottish devolutionists take whatever ball of wool labelled "self-government" is offered by London. Patient untangling and gentle tugging will get them to real self-government by, shall we say, 2007.

LETTERS

Privatising health care on a 'mortgage'

From Mr Jim Sutherland.

Sir, With regard to the arguments over whether or not the government intends to privatise health care in the UK, one element of the recent reforms may actually shed some light on long-term intentions.

When hospital trusts are set up, the assets of the hospitals – buildings, land and equipment – are handed over to the trust board of directors. This is called the originating debt.

It is split into two parts, interest bearing debt (IBD) and public dividend capital (PDC). In most cases it has been a 50/50 split. The trust has to pay interest to the government on the IBD half and pays back that part of the originating debt within 20 years. No interest is payable on the PDC half and it is not repayable, but a "dividend" may be payable from time to time.

In other words, the interest bearing debt half is a "mortgage" and the PDC half is a government shareholding. And like a mortgage, the IBD half will not increase as the value of the trust increases through inflation or investment. Similarly, the PDC half will retain its vesting day value.

Consequently, over a period of time the trust board will own more than half the total value of the trust and the government, or public, shareholding will be a decreasing proportion of the total value. What happens then? Share flotations by the trust boards? Share flotations by the government?

Did I hear someone say British Gas? British Telecom?

Jim Sutherland,
27 Torridon Road,
Catford, London SE6

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Sexual harassment: why attitudes must change

From Ms Fiona Webster.

Sir, Martin Dickson's article, "Workplace advances" (October 17), surely points to the need for a change in attitudes on sexual harassment in Britain, where there is one of the highest female labour participation rates in the European Community.

We talk in encouraging tones of the "demographic time-bomb" and the consequent need to increase the numbers of women in the labour force, in addition to encouraging those women who have left the labour market to re-enter so that valuable and expensively-acquired skills are retained. At last economic realities rather than pious hopes are ensuring that both trade unions and employers are taking the case of women in the workplace more seriously. But little attention is given to sexual harassment.

We all know that legislation and recourse to litigation are not panaceas for all ills. As the corporate examples of Du Pont and Honeywell cited in the article reveal, changing attitudes at all levels within the company is of equal importance.

But one proposed measure under the EC's much maligned Social Action Programme will help put the issue of workplace sexual harassment higher up the political agenda and make those member states confront the issue.

In the true spirit of subsidiarity (please note, British government), the Commission is not proposing a legally-binding instrument. Instead, it is placing the onus on trade unions and employers to create the right workplace environment where the dignity of men and women in the workplace may be protected. It proposes a code of conduct which underlines the need for companies to develop a policy which should be communicated to each employee; under which each employee is made aware of his or her responsibilities to colleagues, and by which complaints and investigations procedures should be established.

In the EC, only the laws of the UK and Irish Republic state that proven sexual harassment may constitute sex discrimination. Other member states could do better and establish a legal framework. But we could all do better and facilitate changes in attitudes in the workplace. As the Thomas/Hill drama in the US shows, the law on its own is of little help – even if you work in the US Equal Employment Opportunity Commission.

Fiona Webster,
42 rue de Toulouse,
1040 Brussels

From Christian Robertson.

Sir, Joe Rogaly's comment ("Despise and consent", October 15) on the nature of Anita Hill's accusation of Judge Clarence Thomas is crass, sickening and ignorant.

Ignorant, because he should know that sexual harassment is an offence in the US. As it should be in all developed countries, no-one in the workplace should be subjected to degrading remarks and conversations based on their sex or sexual persuasion.

Mr Rogaly's words would be unacceptable if spoken; published, they condemn not only him but also your newspaper. Any of your male employees is presumably allowed sexually to harass a female employee so long as he does it in "the honeyed phrases most likely to turn a maiden's head". I offer my sympathy to the women who work in your offices.

Christian Robertson,
16 rue Jules Claretie,
Paris

TV franchises, predictions and partners

From Mr Charles Dawson.

Sir, In the aftermath of the Independent Television Commission's Channel 3 licence verdicts, your media correspondent, Raymond Snoddy, should be commended; for his patient and unerring accuracy over the months, in sniffing out the direction of the wind; for his exemplary instinct for the underlying issues (and numbers!); and for his prescience in foreshadowing the outcome ("ITV bidders tune in for tense time", October 16).

If an appropriate seat of learning sets up a chair in TV Circusology, Mr Snoddy should be the first to sit in it. He has been quietly right all the way through.

Charles Dawson,
managing consultant,
Neomedion,
The Mount,
Lower Dicker,
East Sussex BN27 4BE

From Mr Richard Branson.

Sir, I would like to start by congratulating the FT on the general accuracy of its predictions regarding the outcome of the Channel 3 licence auction.

However, I am afraid that your coverage of the results did contain one factual error. The caption alongside my photograph described me as entering the bidding "without partners". In fact, Virgin was only one of several investors in the CPV-TV consortium. Others included David Frost (David Paradine Productions), Charterhouse Bank, Electra, Island World and the US group, BHC Communications. Chairman of our consortium was Victor Blank (chairman of Charterhouse Bank) and its chief executive was John Gau.

CPV-TV had over a dozen independent production companies involved in its bid and our programming team was probably the best ever assembled for regional television in the UK. Our quality of people, programming and ideas was coupled with the strongest financial partnership in the Channel 3 franchise race and we do not rule out a challenge by CPV-TV of what we believe to be an unjust decision.

Richard Branson,
chairman,
Virgin Group of Companies,
120 Campden Hill Road,
London W8

Spurs' shares suspension reflects poorly on SE

From Mr Mike Staunton.

Sir, In the year since dealings in shares of Tottenham Hotspur were suspended on the Stock Exchange the company has twice (November 12 1990 and July 3 1991) assured shareholders the suspension would be lifted as soon as practicable. During the suspension the club has seemingly agreed to sell an asset, Paul Gascoigne, for nearly £9m (book value only £1m), won the FA Cup and seen the proposed transfer fee for Gascoigne fall to less than £5m, although there is now some uncertainty regarding the completion of the deal.

The Stock Exchange's inability to ensure that trading in the company's shares can take place, and thereby reflect the price-sensitive events outlined above, is a poor advertisement for the market's function and liquidity.

Mike Staunton,
London Business School,
Sussex Place, London NW1

FINANCIAL TIMES
Friday October 18 1991

Thousands evacuated in eastern Croatia as fighting rages on eve of peace conference

Dubrovnik comes under heavy attack

By Laura Silber in Belgrade, **Vjekoslav Radovic** of Reuters in Vukovar and **David Buchan** in Brussels

THE HISTORIC Croatian resort of Dubrovnik came under attack from land, sea and air yesterday.

The Tanjug news agency reported that villages around the city and Dubrovnik harbour, including its marina, were hit in the attack, launched by the federal army.

In Vukovar in eastern Croatia, Serbs and Croats fought hand-to-hand in a fierce battle for the besieged town. Croatian radio said the federal army launched a frontal attack, which it called "one of heaviest since the outbreak of hostilities".

Thousands of refugees were being evacuated from the area yesterday, on the eve of the European Community peace conference.

Fifteen tanks and armoured personnel carriers backed by hundreds of federal troops crossed the river Danube into Luzac, a suburb of Vukovar. Clashes were also reported around Osijek, the regional capital of eastern Croatia, and Vinkovci, 15 miles south-west of Vukovar.

Television in Belgrade, the Serbian and federal capital, said "the last battles for liberation were under way" as federal air force jets roared above Vukovar, a town of 50,000 people during peacetime.

Tanjug, the Belgrade-based news agency, quoted military officials as saying besieged Croat forces had tried to regroup and had opened fire on army divisions in Osijek.

From a Yugoslav army barracks on the outskirts of Vukovar, artillery shells could be seen pounding Croatian positions in the town. Federal air force jets screamed overhead and machine guns rattled constantly. Thick columns of black smoke rose from the town. "This is guerrilla war for every street and every house," an army officer said.

Croatian radio said: "They are ... perhaps the heaviest attacks [on Vukovar] since the beginning of hostilities."

In nearby Ilok, on the river Danube which divides Serbia and Croatia, 8,000 refugees – mostly Croats – had been evacuated from the town by last night with just basic belongings as the Yugoslav army moved in to take it over, according to Tanjug.

It was one of the biggest movements of refugees in the fighting which began when Croatia declared independence from Yugoslavia in June and its Serb minority rebelled. About 1,500 refugees crowded on to a ferry in Dubrovnik heading for Split, Croatia's second biggest port. The International Red Cross says more than 280,000 people have fled strife-torn regions in Croatia.

Croatian radio said 300 critically injured people yesterday were in hospital in Vukovar. Five people were killed and 17 were wounded in Nova Gradiska, central Croatia. Well over 1,000 people have been killed since the fighting began.

Attempts by the EC and the United Nations to broker a peace have failed to stem the violence. The Dutch presidency of the EC will today seek to get agreement from rival leaders in the conflict on the broad outline of a political solution.

At The Hague conference, the EC presidency may also issue a declaration with the Soviet Union and the US in an effort to widen the international pressure.

Families fled the Croatian town of Ilok yesterday as the Serb-dominated Yugoslav army moved in to take it over

Nato agrees on nuclear arms cuts

By David White in Taormina, Sicily

NATO defence ministers yesterday agreed nuclear arms cuts which would reduce the stockpile of the alliance's tactical nuclear weapons in Europe by 80 per cent.

The US and Britain will halve the number of nuclear aircraft bombs in Europe, which would leave Nato with an estimated 700-800 bombs.

They also formally approved last month's US decision to scrap all "battlefield" nuclear weapons – short-range Lance missiles and nuclear artillery shells. These weapons, all with US warheads, are to be returned to the US and destroyed. "The overall effect will be a reduction of some 80 per cent", said Mr Tom King, the British defence secretary. He said he regarded this "as a sensible decision".

Allied officials said it would be "a period of years" before the reductions were completed.

Aircraft bombs are believed to make up 40 per cent of Nato's remaining nuclear stockpile in Europe. The US is thought to have between 1,300 and 1,500 bombs at European airfields and the UK's arsenal of these weapons is put at between 100 and 200.

The Soviet Union, which has also promised to destroy nuclear shells and short-range missiles, is thought to have brought a large part of its stockpile back to the territory of the Russian Federation from outlying republics, according to Allied defence officials. The transfers, reflecting concern about the control of these weapons, had been made since the attempted coup against President Mikhail Gorbachev in August.

Talks on the nuclear cuts were diverted yesterday as ministers sought clarification from Germany about the latest Franco-German proposals for a European military force.

Mr Gerhardt Stoltenberg, the German defence minister, used the meeting to reassure allies that no precise project had been drawn up for the size of such a force or its mission.

He was understood to have told the meeting that no German forces would be removed from current Nato missions to participate in the proposed formation. In Paris, French officials said the proposed corps would total between 35,000 and 40,000.

Earlier, British officials said they had "lots of questions" about the plan. "We would doubt quite seriously if this is the way forward," one official said. France was not represented at yesterday's meeting.

The UK and Germany reached agreement on training facilities for the remaining UK ground troops in Germany, which are due to be reduced from 55,000 to about 23,000.

New missile problem, Page 2

UK takes unilateral action on debt plan

By Stephen Fidler in Bangkok and **Robert Mauthner** in Harare

BRITAIN will unilaterally implement proposals to give increased debt relief to the world's poorest countries, writing off two-thirds of the export credits it is owed by them.

The move was announced simultaneously yesterday by Mr John Major, the UK prime minister, at the Commonwealth summit in Harare, and UK Treasury officials at the International Monetary Fund and World Bank meeting in Bangkok. It reflects UK frustration at its inability to persuade the US to adopt the approach.

The proposals to cancel two-thirds of the countries' official debt, known as the Trinidad terms, were launched 13 months ago by Mr Major when he was chancellor of the exchequer. About 20 countries, mainly in sub-Saharan Africa, would be eligible for them.

If all creditors implemented the terms, it would cut the countries' $25.6bn total official debt by about $17bn, of which the UK's share is some $850m. The immediate beneficiaries of the UK move will be Zambia, Tanzania and Guyana. Mr Major said the debt relief would only be granted to those countries with an active economic programme agreed with the International Monetary Fund.

The move was warmly welcomed by Commonwealth heads of government in Harare. Mr Brian Mulroney, the Canadian prime minister, made it clear that Canada would follow Britain's lead. Mr Bob Hawke, the Australian prime minister, said his government was favourably disposed to follow the UK's example, although it needed further time to discuss it.

Granting debt relief on export credits is usually done by consensus among government creditors in the Paris Club. Apart from the US, all the other countries of the Group of Seven industrialised nations are said to back the proposals. While the UK move is likely to be seen as breaching the consensus convention, British officials said the UK remained committed to the Paris Club.

There will be no cost to the British budget or the government's borrowing requirement, because the Export Credit Guarantee Department, which is owed most of the money, has already made significant provisions to cushion against losses. (Most aid loans to these countries have already been converted into grants.) In the US, debt relief of this sort implies a budgetary cost. British officials said they believed the US supported extending more debt relief to the poorest countries in principle, but was constrained by budgetary considerations.

Frustration at the US position has been increased by a US leadership plan to write off half the debt owed by Poland and Egypt to western governments. Both are much richer than the African countries which will be the main beneficiaries of the Trinidad terms.

The UK will explain the plans to a meeting of the Paris Club next Wednesday, when it will make its last effort to persuade the US to join in a consensus. The US had been informed of Britain's intention to go ahead unilaterally.

Commonwealth summit, Page 4
IMF-World Bank, Page 6

Ukraine backs out of economic union treaty

By Gillian Tett in Moscow and **Chrystia Freeland** in Kiev

UKRAINE, the second most powerful of the Soviet republics, announced yesterday that it would not sign a proposed economic union treaty, due to be signed in Moscow today.

The decision is a painful but not totally unexpected blow to plans to bring together most of the 12 remaining Soviet republics into an economic union. Georgia and Moldova have also said they have no plans to take part in this afternoon's Kremlin signing ceremony.

The economic union project will survive while Russia, by far the biggest republic, remains in the deal. Some officials have suggested will be more successful without half-hearted signatories such as the Ukraine.

Apparent attempts by President Mikhail Gorbachev to force the issue at the weekend may have helped to stiffen Ukrainian opposition to the economic treaty.

The Ukraine could face an even more difficult winter if the republics taking part in the economic union implement their threat to trade at world prices with republics outside the agreement.

The Ukraine depends on Russia for cheap oil supplies. But the fact that it refines a sizeable amount of Russian oil could prove a useful bargaining chip.

The republic has prevaricated throughout the negotiations on an economic union treaty.

Mr Vitold Fokin, Ukrainian prime minister, had indicated that the Ukraine was prepared to sign an economic agreement if its reservations were taken into account. However, Mr Dmytro Pavlychko, Ukrainian chairman of the parliament's foreign affairs, said yesterday that the ruling body of the Ukrainian parliament had voted unanimously against the agreement.

"This document is for a political union under the mask of an economic one," said Mr Pavlychko. "It wants to keep Ukraine under the old system – and we are categorically opposed to that."

Mr Pavlychko said that although the Ukraine remained committed to bilateral economic ties with the other Soviet republics he doubted that it would sign any umbrella economic agreement in the near future.

Although the planned treaty provides the framework for a common market and a co-ordinated financial policy, the details have yet to be negotiated in 17 separate agreements on topics ranging from banking to pricing policy.

ABB offer on reactors, Page 2

Lloyd's members face losses of £90m

By Richard Lapper

MORE than 1,000 members of the Lloyd's of London insurance market face losses of £90m – double earlier estimates – after the series of recent weather disasters.

The extent of the losses, which emerged yesterday, raises fears that the market, which had been expected to lose more than £1bn in 1989, could plunge more heavily into the red when results are published in June next year.

Claims from two catastrophes in particular – hurricane Hugo in September 1989 and the European storms of January 1990 – are proving to be heavier than anticipated.

Although a number of insurers worldwide have been affected by the claims, Lloyd's provided a high level of reinsurance.

The 1,000-plus Names – individuals whose capital backs the market – are members of syndicates 216 and 833/4, two of a number specialising in catastrophe reinsurance. The extent of the losses has come to light since their management changed in August.

Other syndicates specialising in the same field are subject to similar pressures.

The losses of Syndicate 216 are most serious. It was closed shortly before Castle Underwriting Agents, an agency at Lloyd's, acquired control of the syndicate's former managers, Devonshire Underwriting Agencies. Castle, which must now handle claims stemming from business written in former years, estimates losses at £46.4m for 1989 and £23.8m for 1990.

In December last year the syndicate's former managers had assessed losses at £18.5m for 1989 and £8.4m for 1990.

The scale of the losses, amounting to more than 100 per cent of the syndicate's premium capacity – the amount of premiums it is permitted to receive according to Lloyd's rules – means its performance is expected to be subject to the scrutiny of an independent Lloyd's inquiry.

In a letter to the Names in syndicate 216, Castle explained that hopes that early notifications of claims from hurricane Hugo and the January 1990 storms were overstated had proved illusory.

The pace with which claims were being filed by insurers and reinsurers had shown no let-up this year.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	S	22	72
Algiers	F	24	75
Amsterdam	F	11	52
Athens	F	26	79
Bahrain	S	32	90
Bangkok	R	31	88
Barcelona	S	21	70
Beirut	S	27	81
Belfast	R	8	46
Belgrade	S	22	72
Berlin	F	12	54
Biarritz	R	16	61
Bombay	S	34	93
Bordeaux	C	15	59
Boulogne	C	10	50
Brussels	F	10	50
Budapest	C	12	54
Buenos Aires	R	18	64
Cairo	S	31	88
Cape Town	S	17	63
Caracas	C	29	84
Casablanca	S	12	54
Chicago	S	10	50
Cologne	F	13	55
Copenhagen	C	11	52
Corfu	F	24	75
Dallas	S	17	63
Dublin	S	7	45
Dubrovnik		–	–
Edinburgh	R	9	48
Faro	S	21	70
Florence	F	19	66
Frankfurt	C	12	54
Geneva	R	12	54
Gibraltar	S	20	68
Glasgow	R	9	48
Helsinki	C	12	54
Hong Kong	F	24	75
Innsbruck	F	15	59
Inverness	F	8	46
Islamabad	F	28	82
Istanbul	F	21	70
Jakarta	C	31	88
Jersey	R	12	54
Johannesburg	S	21	70
Lima	F	20	68
Lisbon	S	20	68
London	F	12	54
Los Angeles	C	18	64
Luxembourg	C	10	50
Madeira	S	21	70
Madrid	S	15	59
Majorca	S	23	73
Malaga	S	22	72
Malta	F	29	84
Manchester	C	7	45
Manila	F	33	91
Melbourne	C	15	59
Mexico City	C	22	72
Miami	S	18	64
Milan	C	17	63
Montreal	S	3	37
Moscow	C	13	55
Munich	F	15	59
Nairobi	F	24	75
Naples	F	24	75
Nassau	C	30	86
New Delhi	S	28	82
New York	C	11	52
Nice	C	17	63
Nicosia	S	28	82
Oporto	F	19	66
Oslo	R	9	48
Paris	F	13	55
Peking	S	21	70
Prague	F	14	57
Reykjavik	F	2	36
Rhodes	S	25	77
Rio de Janeiro	C	37	99
Rome	F	22	72
Salzburg	S	14	57
San Francisco	C	13	55
Seoul	S	17	63
Singapore	F	31	88
Stockholm	R	11	52
Strasbourg	R	14	57
Sydney	S	16	61
Taipei	C	26	79
Tangier	F	21	70
Tel Aviv	S	29	84
Tenerife	Dr	22	72
Tokyo	C	18	64
Toronto	S	4	39
Tunis	C	23	73
Valencia	S	22	72
Venice	F	15	59
Vienna	F	17	63
Warsaw	F	19	66
Washington	R	8	46
Zurich	F	14	57

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

THE LEX COLUMN

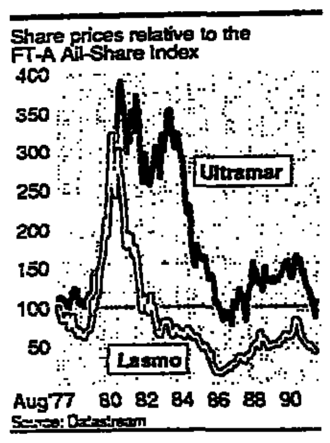
Ultramar on the block

It is hard to see Lasmo's £1.2bn paper bid for Ultramar triggering a free-for-all in the market for North Sea or any other oil and gas assets. Ultramar has had its back to the wall for years because of the failure of its management to deliver a reasonable return for shareholders. The smaller exploration companies are always vulnerable to well-pitched bids, as the recent takeover of Sovereign Oil showed. But otherwise the impression is of tinkering at the edges rather than of a sector preparing for wholesale change.

With no cash in the offer as yet, Ultramar's shareholders have a simple choice between the rival managements. The present, discredited board of Ultramar has recently been converted to the doctrine of unlocking value. A series of disposals, starting with the asset swap with Elf, is intended to jolt a patchy earnings record and reduce the uncomfortably high debt level, if at the expense of some long-term growth. Logically, there is nothing to prevent it from selling the downstream operations to management, which is presumably what Lasmo means by divestment.

By that reckoning, Lasmo has done everyone a favour simply by setting the process in motion. If the Ultramar management is not ousted it will probably be forced to break the company up, much as IC Gas was carved up in 1987. At this stage, the odds are on other predators coming to the ball, so shareholders would do well to sit tight. They can take comfort from the fact that yesterday's 347p price is still comfortably below most estimates of Ultramar's asset value.

FT-SE Index: 2,588.7 (+9.7)



Source: Datastream

UK economy

September's 36,000 seasonally-adjusted increase in UK unemployment may be the lowest for nearly a year, but it should still be taken with a pinch of salt. The numbers entering the unemployment register were nearly 20 per cent higher than a year ago. The vacancies trend meanwhile suggests that not all those leaving it have found full time-employment. Moreover, there is a curious geographical disparity in the September figures, with seasonally-adjusted unemployment rising strongly in London and the south-east and actually falling slightly in Scotland. Admittedly, quarterly average figures reveal a clear deceleration in the overall growth of unemployment. This suggests the recession has at least bottomed out, but it does not necessarily imply robust recovery round the corner. It could still be well into the second half of next year before the jobless total stabilises. Nor does the 7¾ per cent year-on-year increase in August average earnings tell us much about the near-term prospects for the economy. The increase, above expectations, probably reflects developments at the tail end of 1990, since new wage settlements are running at manifestly lower levels. Eventually recovery should lead to higher overtime working, which would push up average earnings, though there is no evidence of this yet. In terms of hours worked, overtime is more than 20 per cent lower than it was a year ago.

Accor/Wagons-Lit

The Belgian regulatory authorities have done more than most continental stock exchanges of late to insist on fairer treatment for minorities. However, the way the French hotel group Accor is taking control of the Franco-Belgian tourism company Wagons-Lit again underlines the practical difficulty of protecting shareholder rights. Eyebrows, and hackles, were first raised last year when Mr Albert Frère's Groupe Bruxelles Lambert passed on its 27 per cent stake in Wagons-Lit to Cobefin, a company owned roughly 80/20 by Société Générale de Belgique and Accor, without a general offer to other shareholders. The price paid was believed to be roughly BF13,000 per share, certainly well above the then market price.

Now Cobefin, recapitalised with Accor's money so the French now have an 80 per cent stake, has come up with a general offer at BF8,650 per share. On the face of it that seems generous enough. It represents a 25 per cent premium to the market price and an exit multiple of anything between 20 and 40 times this year's earnings, while comparing with outside net asset calculations of perhaps BF5,000 per share. What will stick in many gullets is the way La Générale has been rewarded for passing the parcel. The Belgian holding company has a put option – which it is not exercising at the moment – to sell its remaining Wagons-Lit stake to Accor for BF13,000 per share.

Albert Fisher

Albert Fisher is in the grip of its first recession and not liking it one bit. Twelve months ago, the company was still turning in growth of more than 20 per cent. In the latest six months, pre-tax profits before exceptionals fell by 4 per cent. Some £3m of the downturn is due to an ill-judged acquisition in the European mushroom trade. More important, the company is finding that its increased emphasis on supplying the catering industry, while no doubt sensible as a long-term strategy, lays it wide open to the economic cycle.

Given that Fisher has only lately disentangled itself from some rather murky connections in the US, it is disappointing to find it courting further criticism by putting £2m of exceptional profits above the line and £6m of extraordinary losses below it. One cannot help feeling that the sooner such old-fashioned tricks are outlawed by the Accounting Standards Board the better. At yesterday's 89p, the shares have underperformed the market by a third in the past year. There is at least the promise that no further share issues are contemplated. But on an earnings multiple of 8.5 times and a yield of 5.6 per cent, Fisher looks like a classic stock for the 1980s.

Control Securities

The arrival of the Serious Fraud Office at Control Securities leaves its shareholders wholly in the dark. Recent market estimates put the company's net asset value at some £260m, compared with a market value at yesterday's suspension price of £58m. But, as recent cases have shown, if fraud is in question book values can prove elusive. One does not envy the position of Control Securities' auditors, the small firm of Hacker Young.

INSIDE

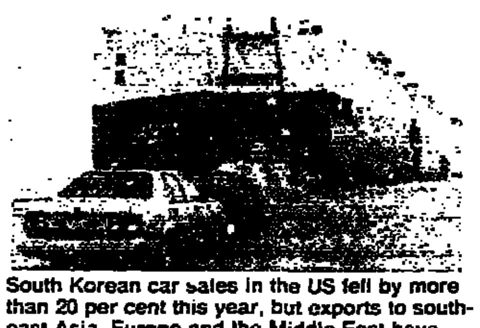
Hawker Siddeley plan of defence attacked

The war of words over Hawker Siddeley intensified yesterday when BTR, the UK conglomerate bidding £1.5bn ($2.6bn) for the engineering group, attacked Hawker's defence plan, saying it was "a drastic measure reflecting a loss of nerve and a lack of confidence in their own management ability". Page 34

Leak values Fairfax at A$1.5bn

Details of plans to float Australia's Fairfax newspaper group, drawn up by a US merchant bank, have been leaked. The proposal is believed to put a value of about A$1.5bn (US$1.2bn) on Fairfax, compared with valuations of about A$1.3bn in other offers. Page 30

Korean cars change direction



South Korean car sales in the US fell by more than 20 per cent this year, but exports to south-east Asia, Europe and the Middle East have increased. Page 30

Exchange seen as a Mecca

The procession of politicians making their way to the Istanbul Stock Exchange before this weekend's general election has done little to revive the market. "We've been turned into a Mecca for the economic policies of the parties," said one disgruntled broker. Back Page

Delays for Swiss bourse reform

The Swiss financial community may have developed a sense of urgency about the need to reform stock exchange structures, but a decision to ease stamp duty on securities transactions is to go to national referendum; and work on an electronic bourse has been delayed. Page 32

Heron's clipped wings

Heron International, the property and commercial group headed by Mr Gerald Ronson (left), has been going through a tough time. The year to March 31 saw its first-ever drop in net assets, from £640.4m to £585.1m ($1bn) and its first-ever fall in pre-tax profits from £65.3m to £2.0m. "This year was unquestionably the toughest that Heron has experienced throughout its 26-year history," said Mr Ronson. Page 33

A new lesson for farmers

The United Nations Food and Agricultural Organisation claims its rice pest management programme is working: "We are replacing 19th century technology – chemistry – with 20th century technology – information." Page 38

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				**Rises**			
Rises				Bongrain	2515	+	60
Colonia Konz	870	+	35	Gal Lafayette	1600	+	53
Falls				**Falls**			
AG Ind Verk	751	–	11	Accor	716	–	17
Asko	838	–	10	Club Medit	442	–	8.5
Daimler-Benz	664.5	–	11.5	Docks de Fr	354.5	–	6.5
KHD	130	–	4.2	Lyonn Eaux	537	–	14
Mercedes	522.5	–	12.5	**TOKYO (Yen)**			
NEW YORK ($)				**Rises**			
Rises							
Citicorp	12	+	$\frac{1}{4}$	Furukawa Bat.	680	+	65
Tredegar Inds	9	+	$1\frac{1}{8}$	Meiji Milk	1130	+	120
Waste Mangt	$38\frac{1}{8}$	+	1	Marozofl	1180	+	90
Falls				Nissui Pharm.	1900	+	140
BankAmerica	$42\frac{3}{4}$	–	$1\frac{5}{8}$	Sodick	2350	+	180
MCI Comms	27	–	3	**Falls**			
Reebok	$30\frac{1}{8}$	–	$3\frac{3}{4}$	Tokyo Tanabe	1070	–	140
PARIS (FFr)							
LONDON (Pence)				Yorkshire Elec.	296	+	10
Rises				**Falls**			
AirLondon	111	+	6	Automated Sec	130	–	27
Crown Eyeglass	200	+	30	Barclays	434	–	15
Enterprise Oil	547	+	11	Dean & Bowes	35	–	5
Granada	180	+	6	Gerrard Natl	329	–	10
Medeva	232	+	14	HTV	42	–	4
Molyneux	37	+	$3\frac{1}{2}$	Ratners	72	–	7
Pentra	118	+	13	TSW	65	–	5
Racal Elects	59	+	$3\frac{1}{2}$	WPP	44	–	7
Southern Elect	276	+	11	Yorkshire TV	158	–	22
Sunset & Vine	173	+	13				
Ultramar	347	+	70				

Laidlaw writes off half ADT stake

By Bernard Simon in Toronto

LAIDLAW, the Canadian waste services and school bus operator, has capped a turbulent year in its relations with Mr Michael Ashcroft's ADT by writing off half its $900m investment in the Bermuda-based car auction and security group.

Mr Donald Jackson, Laidlaw's chief executive, yesterday described the $469m writedown as a "prudent and realistic" move reflecting the "permanent impairment" of the 28.4 per cent stake in ADT which Laidlaw built up during 1989.

Mr Jackson said that some of the factors which contributed to ADT's earlier growth, such as controversial transactions with affiliate companies, "lacked sustainability".

ADT was previously valued on Laidlaw's books at $28 a share. The new valuation of $14 a share is still well above the current market price of ADT's shares. In London yesterday they closed 24p down at 511p. Mr Jackson expressed confidence in ADT's core businesses and said he expected earnings to improve.

ADT recently announced measures to strengthen its financial situation, including the possible sale of its interests in Christies, the UK auction house, and Lep, the freight forwarder.

The ADT writedown pushed Laidlaw to a $344.4m loss, equal to $1.41 a share, for the year to August 31, from earnings of $214.5m, or 88 cents a share, the previous year. The quarterly dividend has been halved to C$0.04 per common share.

Relations between ADT and Laidlaw soured earlier this year when the Canadian company accused Mr Ashcroft and his fellow ADT directors of creating "illusory" profits by manufacturing sales of assets between ADT and its controlled affiliates.

Mr Jackson said yesterday that relations had improved and were now "businesslike and professional". He expects agreement to be reached within the next few weeks on the remaining three of four independent directors who are to be named to the ADT board under a settlement negotiated last spring. Mr Jackson said that four new Laidlaw-appointed directors were taking an active role in ADT.

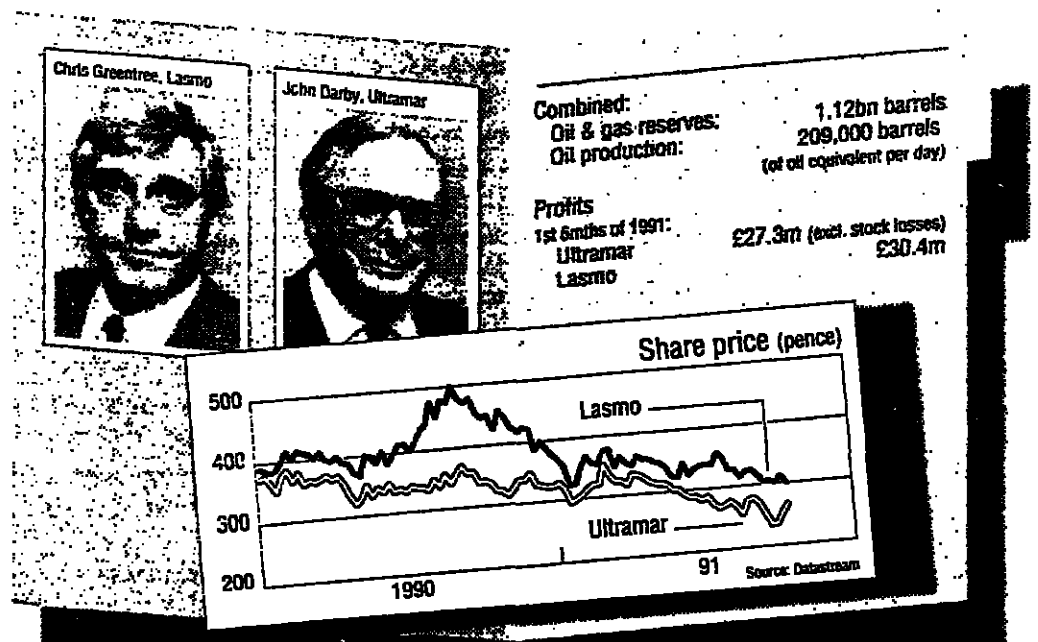
The ADT writedown is the latest blow to Laidlaw, which until a year or so ago was one of the investment community's favourite Canadian stocks.

Its fourth-quarter operating income tumbled to $26.4m from $60.9m, largely as a result of the slump in the North American waste management industry.

The ADT writedown has widened Laidlaw's debt-equity ratio from 0.7:1 to 0.9:1.

Deborah Hargreaves looks at the Lasmo bid for Ultramar

A slick move to buy assets at a bargain



Lasmo's swift move to put Ultramar "out of its misery", as one analyst described yesterday's $1.16bn bid, could create one of the world's largest oil exploration and production companies.

If the share offer does not launch a bidding war, Lasmo will have cashed in on shareholder anxiety at Ultramar to gain some productive oil and gas assets at a bargain price.

Ultramar has fallen out of favour with the City of London as the under-performance of its shares testifies – its share price has under-performed the oil and gas sector by about 22 per cent this year.

Its institutional shareholders have become so disaffected with the company's management that they show every sign of welcoming Lasmo's rather low bid.

"It is the cheekiest bid of all time," said Mr Joe Lafferty, stockbroker at County NatWest in Edinburgh.

"It is a superb fit for Lasmo and will revalue Ultramar's upstream assets."

The bid values Ultramar at around £3.15 a share – at the low end of City of London estimates of the company's asset value which range as high as £4.50 a share.

Ultramar has described the bid as "most unwelcome", and its board meets today to prepare its defence.

The company's directors could advocate a radical break-up of its assets along the lines Lasmo is pushing for as a way of unlocking value for shareholders.

Lasmo denies that its action is opportunistic and stresses that it is looking for long-term value in the company's large portfolio of exploration and production assets.

"Our game plan is for the next five to 10 years: Ultramar has under-explored its huge acreage and we want to get in there and exploit it," said Mr Chris Greentree, Lasmo chief executive.

Lasmo will sell Ultramar's downstream assets: two refineries in North America and several carrier ships, as soon as it can, and there are already indications of interest in them.

Ultramar has an oil and gas production profile that will increase by 150 per cent in the next five years, but which suffers from being tied in with an oddly fitting assortment of downstream assets.

Output will peak at the end of the decade which provides the spread Lasmo has been looking for, as its own production will peak much sooner.

The combined company will have a reserve base of 1.1bn barrels of oil, gas and liquefied natural gas with a production rate of 209,000 barrels of oil-equivalent a day.

Ultramar will add 40,000 square kilometres to Lasmo's exploration base of 90,000 sq km.

The combination of the two companies will prove financially stronger than Ultramar on its own which has 82 per cent gearing compared with Lasmo's 22 per cent, and which was widely expected to launch a rights issue later this year to pay down some of its £850m ($1.4bn) debt.

Joint gearing will be about 56 per cent on a pro-forma basis, putting pressure on Lasmo to dispose of Ultramar's refineries in a hurry.

The company has said it will try to sell the downstream part of the company as soon as possible, and will account for them on its balance sheet as assets for sale.

While Lasmo insists it has not tried to pre-sell Ultramar's refinery in Wilmington, California, or its plant in Quebec, British Petroleum is believed to have expressed an interest in the California refinery in previous discussions with Lasmo.

BP bid for the refinery when it was sold to Ultramar in 1988.

The sale of the downstream assets could net more than £1bn giving Lasmo the chance to reduce gearing with some cash left over.

The company is confident it can sell the plant in spite of the current depressed world market for oil industry assets. "I would be surprised if we don't get a couple of calls about it in the next month," said Mr Greentree.

Other options would be to sell off the refineries separately in New York and Toronto or to demerge them for existing shareholders.

Lasmo will keep in place management in North America as well as most of Ultramar's exploration team in the UK which totals 400 out of an overall staff of 3,900.

But it will be saddled with expensive golden parachutes for most of Ultramar's highly paid senior management.

Mr John Darby, the company's part-time chairman, earns around £440,000 a year along with a range of share options and munificent pension payments.

Payments to the directors' pension scheme leapt last year to £6.2m from £1.9m the year before.

Shareholder dissatisfaction with Ultramar has centred on management performance.

"Ultramar's management is a self-serving club and shareholders will be glad to see the back of it," one institutional shareholder said yesterday.

The company has embarked upon a programme of reviewing all its assets with a view to selling those that are not producing value. However, shareholders describe this plan as too little, too late.

Ultramar's decision to cut its capital expenditure programme by $100m could sacrifice growth in the long run for short-term value.

Lasmo stresses its record of finding oil – the company has replaced its reserves by 130 per cent in the first nine months of the year and has drilled 250 wells.

Ultramar is strong in Indonesia and the North Sea where Lasmo has complementary operations. Lasmo is keen to exploit Ultramar's vast Indonesian acreage in one of the fastest-growing markets in the world.

Lasmo will now be hoping that another bidder does not emerge from the cash-starved oil sector.

Lex, Page 24

AT&T to cut workforce by 14,000

By Martin Dickson in New York

AMERICAN Telephone & Telegraph is to cut around 14,000 jobs – about 4 per cent of its workforce – over the next 27 months as part of a major restructuring which led yesterday to $4bn of charges against its third-quarter earnings.

The charges, foreshadowed in July, cover the cost of merging AT&T's computer business with that of NCR, acquired last month, and rationalising AT&T's telecommunications businesses.

The charges cut quarterly net income at AT&T, the largest US long-distance telephone group, by $2.65bn, or $2.06 a share, and led to a loss of $1.8bn, or $1.40 a share. The figures incorporate results from NCR and compare with a combined profit of $803m, or 62 cents a share, in the same period of last year. Combined revenues rose 1.2 per cent to $11bn.

NCR, which made optimistic profit forecasts during the AT&T takeover bid early this year, saw its income drop from $91m to $40m on revenues down 10 per cent at $1.38bn. Special charges turned this into a $40m loss.

AT&T blamed the figures on softness in the world computer market and the negative foreign exchange impact of the strengthening dollar. It said the results were in line with the industry.

AT&T added that its net income – excluding the special charges, NCR results and the merger's impact on shares outstanding – was $808m, or 73 cents a share, compared with $712m, or 65 cents, a year ago.

This was due to strong telecommunications service revenues, improved product and service margins and a gain of nearly 2 cents a share on the sale of its stake in Sun Microsystems.

Telecommunications service revenues rose 5.1 per cent to $5.24bn on volume growth of 6.5 per cent. Product and systems sales fell 5.5 per cent to $3.8bn.

The company said its 14,000 job cuts, and the redeployment of other workers, would take place at its business communications operations, which make PBX telephone systems; its computer systems division, to be merged with NCR; and small business systems and warehousing operations.

Most cuts will come from the loss-making PBX side, where new management has been installed. Only 2,500 of the computer division's 7,500 staff will move to NCR.

AT&T said it remained bullish on the outlook for the combined NCR computer business.

Norway details emergency rescue for banking system

By Karen Fossli in Oslo

THE NORWEGIAN government last night announced details of an emergency package for the country's banking system.

The principal points in the relief plan are an injection of NKr11.5bn ($1.75bn) to strengthen the sector and the implementation of measures aimed at achieving savings of NKr5bn a year in costs to the banks.

The ruling minority Labour government said that it would also boost the state-controlled bank insurance fund by NKr6bn, and might consider foregoing the debts of the banks which tap it.

Half the NKr5bn which was placed in the fund when it was formed has been used already to rescue two commercial banks.

The government will also allow the bank guarantee fund to invest in bank shares and primary capital certificates issued by the savings banks to raise capital.

This measure is specifically designed to allow the state to buy shares of Christiania Bank, the second biggest bank, which announced earlier this week that it was technically insolvent.

Christiania's shares will be written down to zero and it is widely expected that the state will invest NKr2bn in Christiania shares.

A NKr1bn allocation is also to be made to the savings banks' own guarantee fund, which this year slid into a deficit of about NKr1bn, by transferring capital to troubled savings banks.

This is meant to bring the fund into zero balance so that contributions in 1992 by the banks can begin to accrue to allow the fund to be rebuilt.

A joint state/private bank investment company with a share capital of NKr4.5bn will also be established.

This measure is specifically directed towards Den norske Bank (DnB) which is planning in November to expand its capital by NKr2.2bn, but has seen downward pressure put on its share price during the banking crisis in the last year.

Loans totalling up to NKr25bn to the banks by the central bank will be fixed at an interest rate of 6 per cent. This is meant to reduce the banks' annual interest costs by NKr1.1bn, but is not an irreversible measure.

The banks will also see a 75 per cent cut in the annual amount which they must pay to their own guarantee funds. This will reduce their annual contributions by NKr400m.

Christiania Bank, Page 26

UK fraud police raid Virani offices

By Richard Donkin in London

THE UK Serious Fraud Office yesterday raided companies and private addresses in London in connection with its investigation into the collapsed Bank of Credit and Commerce International.

The raids centred on the Gillingham Street headquarters of Control Securities, the property and leisure group run by the millionaire Virani Brothers. The London Stock Exchange suspended the shares at 16¼p before the market opened.

Mr Nazmudin Virani, the 42-year-old chairman and chief executive of Control Securities, supported on the board by his brothers, Alnashir and Zulfikar, yesterday denied any wrongdoing. He was reported to have been a victim of BCCI's collapse after it was shut by the Bank of England in July.

The SFO action involved visits to the homes of all three brothers and the removal of documents from Control Securities and the Virani Group which share the same headquarters.

Control Securities recorded a pre-tax loss of £3.3m ($5.7m) in the financial year to the end of March.

The loss was blamed on the falling property market and a £3.8m provision to cover the group's exposure to BCCI. The company wrote off £2m deposits at BCCI and provided for the loss of rent on two properties leased to the bank.

The Control Securities empire which owns more than 100 properties, 23 hotels and 770 public houses was started six years ago.

Investigators are aware of a deal in which Virani and Control Security joined a company run from the UK headquarters of Mr Gaith Pharaon, the Saudi Arabian who acted for BCCI in some of its purchases of stakes in US banks.

The companies held equal shares in a company called Taplute formed to buy Ocarina Hotels, a group of 27 Spanish hotels, from Bass Holdings, the UK brewing group for £45m.

According to the report from an investigation carried out into BCCI between October 1990 and April 1991 for the Abu Dhabi government, BCCI had a charge over the shares in Ocarina, backed by guarantees from Control Securities and Batace, the Pharaon-related company.

The report says BCCI holds 10 per cent of Control Securities. This contrasts with a Virani statement earlier this year that BCCI's holding was 5.5 per cent.

Background, Page 34

INTERNATIONAL COMPANIES AND FINANCE

SE-Banken posts 32% increase and bucks sector trend

By John Burton in Stockholm

SKANDINAVISKA Enskilda Banken, Sweden's largest bank, yesterday reported a 32 per cent rise in operating profits to SKr3.1bn ($477m) for the first eight months of 1991.

The board will hold a special meeting on November 5 to discuss its 28.2 per cent shareholding option in Skandia, the country's largest insurer.

Speculation has increased in recent weeks that SE-Banken might sell its option to Uni Storebrand, Norway's largest insurer, or divide Skandia's operations between itself and Uni Storebrand, after Skandia expressed opposition to plans for a merger with SE-Banken.

Uni Storebrand announced yesterday that it had increased its shareholding in Skandia, raising its stake from 14.1 per cent to 18.3 per cent. Uni Storebrand is in discussions with Skandia, SE-Banken and Finnish insurer Pohjola, another main Skandia shareholder, about the Swedish insurer.

Yesterday's SE-Banken results lighten the gloom that has descended on the Nordic banking sector this week after the Norwegian government was forced to rescue Christiania Bank, the nation's second largest, and the Swedish state helped save Forsta Sparbanken, the country's biggest savings bank, from collapse.

The profit improvement is partly because of the bank's smaller lending exposure to the troubled property market compared with other Swedish banks, including state-controlled Nordbanken. SE-Banken's client base has been mainly industrial companies.

Profits were also bolstered by a 22 per cent increase in revenues to SKr10.1bn as net interest and portfolio incomes rose.

SE-Banken predicted that operating profits for the year would climb about 30 per cent from last year's SKr3.3bn, although it noted that uncertainties remained about the amount of credit losses for the remaining four months of this year.

Losses and provisions amounted to SKr1.7bn, two thirds of its expected losses for the year.

The projected losses for the year include SKr500m that were reserved for 1991 losses in last year's accounts.

Credit losses accounted for 0.83 per cent of outstanding loans, the second-best ratio among Swedish banks after Svenska Handelsbanken, with 0.5 per cent.

Industrivarden offers to buy Bahco for SKr2bn

INDUSTRIVARDEN, the Swedish investment company, yesterday made a SKr2bn ($322m) bid for Bahco, an investment and industrial group, in which it already has a 40 per cent voting stake, writes **John Burton in Stockholm.**

Industrivarden also reported that its profits after financial items had fallen 11 per cent to SKr390m for the first eight months of 1991, although earnings for the year are expected to match last year's figure of SKr528m.

Industrivarden said it would merge Bahco's industrial activities, which are concentrated in the building material and hydraulic industries, with those of Dacke, its plastic and hydraulic subsidiary, as part of a structural rationalisation.

Profits for Dacke slid to SKr5m during the eight-month period against SKr39m.

Bahco earlier this week sold its tool operations to Sandvik, the Swedish engineering concern, as it reported a sharp drop in profits to SKr115m for the eight-month period, against SKr322m a year ago.

The bid price for Bahco was 47 per cent above its current share price, which fell sharply this week after the release of the disappointing results.

Synthélabo takes over drugs group for FFr2bn

By William Dawkins in Paris

SYNTHELABO, the drugs unit of L'Oréal, yesterday announced that it had taken control of Laboratoires Delagrange, a medium-sized family-owned pharmaceuticals group.

The takeover, at an undisclosed price believed to be more than FFr2bn ($340m) in cash and shares, follows last month's sale by L'Air Liquide, the French industrial gases group, of a majority stake in Lipha, its pharmaceuticals offshoot, to E. Merck, the German drugs group.

This is the latest sign of how a growing number of medium-sized French drugs groups are believed to be finding it harder to pay for the large research and development budgets needed to compete.

Government plans, tabled last month, to curb pharmaceuticals consumption and to allow producers of innovative drugs to charge higher prices, have given a clear advantage to companies with high research budgets.

Delagrange's need to boost its annual research budget was the main reason why its family owners decided in August to sell, said Mr Cyrille Chevrillon, general manager of Salomon Brothers' Paris office, which acted for Delagrange's shareholders.

Synthélabo and Delagrange combined will have a FFr1bn per year research budget, focusing on three subjects; the central nervous system, heart disease and gastroenterology.

Synthélabo was chosen from the 12 drug companies that showed interest because the industrial fit with Delagrange was most suitable, even though it did not offer the highest price, said Mr Chevrillon.

Synthélabo has bought a 58 per cent stake in Delagrange's holding company and will acquire the rest later, during a Delagrange capital increase.

The combined group will have total sales of FFr5bn, with just over FFr3.3bn from Synthélabo on last year's results and FFr1.6bn from Delagrange.

Hoesch and Krupp talk, but prepare to box

Andrew Fisher finds one German steel group uneasy about the other's 'friendly' stake

MR Kajo Neukirchen, the self-assured chief executive of Hoesch, was in an awkward position at last week's joint press conference with Krupp, which had just bought a 24.9 per cent stake and said that friendly institutions held enough to give it a majority.

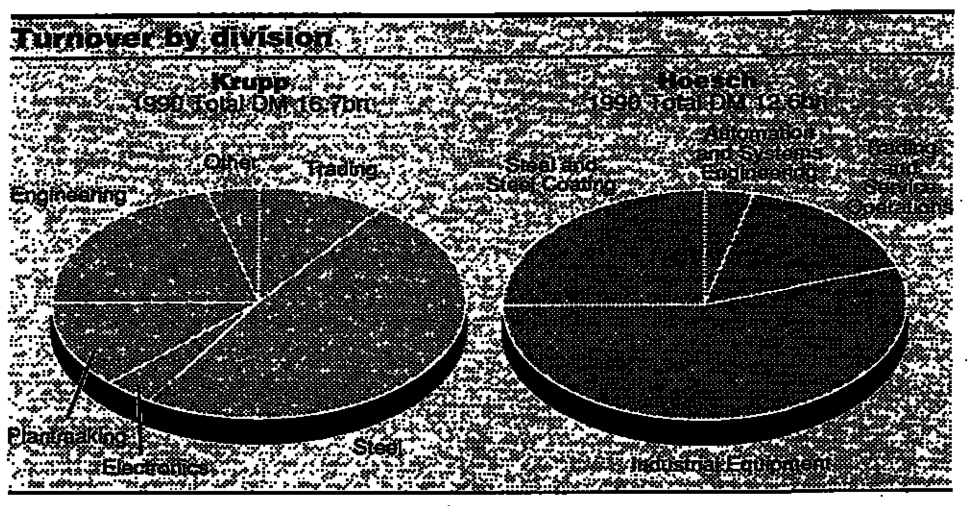
Asked whether it was "a marriage of love", Mr Neukirchen, just 10 weeks into the job, replied that it bore little resemblance to his marriage which had endured 30 years.

Hoesch was clearly taken aback by Krupp's stake. After springing its surprise, Essen-based Krupp said it wanted an amicable deal; the two have already talked about possible co-operation.

Yesterday Mr Neukirchen told city officials in Dortmund, where Hoesch is based, that it could survive alone, although it was not averse to sensible strategic alliances. Earnings had fallen sharply this year, but Hoesch would make a profit.

Mr Gerhard Cromme, Krupp's chief executive, stressed at the press conference that it wanted a friendly partnership with Hoesch, noting that about 70 per cent of both companies' activities were in related sectors such as steel, industrial plant, automotive supplies and engineering.

But Mr Alfred Heese, Hoesch's personnel director, was "somewhat disappointed" that the previous talks had not indicated a potential stake. He described the Krupp purchase as "unfriendly". The rest of the management board also dislikes the idea of a merger.



Several questions arise from the Krupp-Hoesch talks. One is whether a merger would be sensible. Another is whether the move is hostile or friendly and thus has implications for the German takeover scene, where in the past transactions have been worked out behind closed doors. A third is whether Krupp can gain control, even if it obtains a majority.

The industrial logic seems favourable. Most analysts see positive aspects to a merger, especially in steel. Rationalisation would also help other steelmakers by trimming capacity and allowing prices to rise. Moreover, Hoesch is probably still not big enough in some sectors to compete in today's tough, global markets.

But there are questions about who should take over whom. "Hoesch is a much better company than Krupp", said one analyst, referring to its high level of steelmaking efficiency and the way it weathered the steel crisis of the 1970s.

Krupp only recovered from heavy losses last year; its quoted steel operation paid its first dividend for 16 years. It could only finance a merger with bank support, thus increasing debt.

Hoesch has striven hard to diversify from steel. Only 25 per cent of its turnover is now in steel against 49 per cent for Krupp.

The automotive sector is a big customer, accounting for 30 per cent of business; products include shock absorbers, coil springs and stabilisers. Hoesch is also a big supplier of steel to the industry.

"Automotive products form a major section of the manufacturing and industrial technology of Hoesch", notes SAC Enterprises, a UK specialist publisher, in a study of the sector.

It has expanded in Europe and the Americas, and plans to grow further in supply. "The intention is to build sufficient strength to be a partner of the automotive assemblers, not a dependent."

Krupp is also closely linked with vehicles. "The Krupp group has targeted the automotive sector as one into which it would like to expand", says SAC. Its products for the industry include special steels, alloys and catalytic converters.

At the press conference, Mr Cromme was sparing with words when it came to explaining how a merger would work. "The world market is getting tougher and competition is rising."

Before giving its answer, Hoesch will wait for Krupp to put its ideas on the table. In November, it will present its own strategy to its supervisory board. Mr Neukirchen said talks with Krupp would last until mid-1992.

It is too early to draw general conclusions on the German takeover scene. As with Pirelli's attempt to merge with Continental in the tyre business, there has been no proper bid.

Hoesch also has a 15 per cent voting limit to prevent unfriendly takeovers, so the acquisition of a simple majority could be rendered useless. If thwarted, Krupp could try to overturn the voting curb at a shareholders' meeting – but this would be outright hostility.

At this stage, the most that can be said is that Krupp's acquisition of its 24.9 per cent stake was not friendly, since it was done without Hoesch's knowledge.

It remains to be seen in what atmosphere future contacts occur. "Mr Cromme may have won the first round, but he hasn't won the boxing match", said one industrial observer.

Albert Fisher advances by 20%

ALBERT FISHER, the acquisitive UK fresh-produce distributor and food processor, yesterday reported a 20 per cent increase in pre-tax profits to £89.03m ($153m) for the year to August 31, writes **Andrew Bolger in London.**

However, the group made controversial use of existing accounting standards in its treatment of non-recurring profits and losses.

A £2m profit on the sale of the stake in a trading joint venture was treated as an exceptional item, which increased the profits figure. But a loss of £6.47m on a US investment was stated as an extraordinary item, and so did not affect the profit and loss account.

This differing treatment, which would be prevented under proposed new accountancy standards, was defended by the company on the grounds that the exceptional profit arose directly from its trading activities, while the extraordinary loss was caused by writing off its investment in Pacific Agricultural Holdings, a Californian company not directly related to the group's normal business.

The group yesterday appointed two non-executive directors – Mr Stephen Walls, chief executive of Arjo Wiggins Appleton, the Anglo-French paper group, and Mr Hugh Ashton, chairman of Close Brothers Group, a small merchant bank.

The group said the results reflected underlying organic growth of 5 per cent.

Earnings per share were 6 per cent higher at 10.36p. A final dividend of 2p, which compared with 1.85p last year, gives a total for the year of 3.75p, an increase of 12 per cent.

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Christiania NKr7.2bn in red

CHRISTIANIA BANK, Norway's second biggest bank, will post net losses of NKr7.2bn ($1.1bn) for the nine months ended September 30, Mr Sigbjoern Johnsen, the finance minister, told members of parliament last night, writes **Karen Fossli in Oslo.** In the first eight months of 1990 Christiania lost a net NKr123m.

The bank is due to announce its third-quarter results by the end of next week, earlier than planned.

On Monday, trading in Christiania's shares was suspended on the Oslo bourse after the bank said it had lost its share capital and faced technical insolvency.

The finance minister said that for the third quarter, Christiania would plunge into a net loss of NKr5.6bn, and that losses on loans and guarantees in this period would reach NKr1.9bn. In 1990 the bank posted a NKr1.85bn net loss, and credit loss provisions reached NKr2.68bn.

For the quarter, Christiania will have to write off NKr470m in losses on securities and will have to write down the value of its real estate portfolio by NKr560m. It will also make a NKr2bn allocation for potential future credit losses.

SEARS ACCEPTANCE COMPANY INC.

(formerly Simpsons-Sears Acceptance Company Limited)

NOTICE IS HEREBY GIVEN that a meeting (the "Meeting") of the holders of all of the outstanding series of the secured debentures ("the Debentures") of Sears Acceptance Company Inc. (the "Corporation") will be held at the Corporation's head office, 222 Jarvis Street, Toronto, Ontario, Canada in the Borton-Wood Auditorium on Monday, November 18, 1991 at 10:00 a.m. (Toronto time). The outstanding series of Debentures are listed above. The Debentures were issued under a Deed of Trust and Mortgage and a Trust Deed of Hypothec, Mortgage and Pledge each dated as of February 1, 1960 (the "Principal Deed") as supplemented by Supplemental Deeds of Trust and Mortgage executed as of various dates (collectively the "Trust Deed") by the Corporation in favour of Montreal Trust Company (the "Trustee") as trustee.

This Notice and Information Circular is furnished at the Corporation's request in connection with the solicitation of proxies by the management of the Corporation to be used at the Meeting and any adjournment thereof.

NOTICE AND INFORMATION CIRCULAR WITH RESPECT TO A MEETING OF THE HOLDERS OF THE FOLLOWING SERIES OF SECURED DEBENTURES

Series	Maturity Date	Series	Maturity Date
Series A	On Demand	[illegible] Series S	July 15, 1998
[illegible] Series K	May 15, 1992	[illegible] Series T	June 15, 2000
[illegible] Series L	March 15, 1994	[illegible] Series V	April 1, 1995
[illegible] Series M	November 15, 1994	[illegible] Series Z	October 1, 1992
[illegible] Series N	November 15, 1996	[illegible] Series 2	October 5, 1995
[illegible] Series P	November 15, 1996		

Background Information

Currently all customer accounts receivable, present and future, (the "Receivables"), generated from the merchandising business of Sears Canada Inc. ("Sears") are sold by Sears to the Corporation under the terms of an agreement (the "Purchase Agreement") between the two companies dated January 15, 1960. Under the Purchase Agreement, Sears acts as "Servicer" of the Receivables, responsible for servicing and administering the accounts under which the Receivables are owing and collecting the payments due with respect to the Receivables. All assets of the Corporation, including the Receivables and the Purchase Agreement, are pledged as security for the Debentures under the terms of the Trust Deed. All series of the Debentures, other than the Series A Debentures, have been unconditionally guaranteed by Sears.

Under the terms of the Trust Deed, the value of Receivables assigned to the Trustee (plus 112½% of the amount of any cash and the value of approved securities subject to the fixed charge under the Trust Deed) is required to be maintained at not less than 112½% of the principal amount of Debentures outstanding (the "Required Coverage"). The Trust Deed does not, however, currently contain a mechanism to permit the release of the security constituted by Receivables in excess of the Required Coverage. As at the close of business on October 8, 1991, the value of Receivables exceeded the Required Coverage by $952,879,718 and amounted to approximately 295% of the principal amount of Debentures then outstanding. Other than Series A Debentures issued as security for bank indebtedness, the Corporation has not issued Debentures since April 3, 1986 and Sears has relied instead on the use of its own unsecured term debt and commercial paper to finance its activities, including, by intercorporate indebtedness, the funding of that portion of the Corporation's Receivables portfolio not financed through the issuance of Debentures. This financing strategy, combined with growth in Sears' business, has resulted in the level of Receivables exceeding the Required Coverage by such a wide margin.

In order to make productive use of the Receivables in excess of the Required Coverage, to increase its financing alternatives and to reduce its future financing costs, Sears proposes that Sears Canada Receivables Trust (the "Trust") be created and that, subject to the Required Coverage being maintained, the Corporation be permitted to sell to the Trust one or more undivided co-ownership interests (each a "Trust Participation Interest" and collectively the "Trust Participation Interest") in the Receivables outstanding from time to time (the "Receivables Pool"). Following such sale, the Debentures would no longer be secured by the entire Receivables Pool but rather by the Corporation's undivided co-ownership interest in the Receivables Pool (the "Acceptance Participation Interest"). At any time, the Acceptance Participation Interest would be the entire interest in the Receivables Pool, other than the Trust Participation Interest. The attributes of the Trust Participation Interest and the Acceptance Participation Interest are described in more detail below. Debentureholders will be asked to approve amendments permitting the Corporation to sell Trust Participation Interests to the Trust, defining the respective rights and entitlements of the Trust Participation Interest and the Acceptance Participation Interest with respect to the Receivables Pool and establishing mechanics for the administration of the Receivables Pool.

In addition, Debentureholders will be asked to approve amendments necessary to permit the Corporation to sell:

(i) Receivables, selected on a random basis, with the result that any Receivables so sold would no longer form part of the Receivables Pool; and/or

(ii) one or more undivided co-ownership interests (in addition to the Trust Participation Interest described above) in the Receivables Pool to one or more other entities, with the result that the Corporation, the Trust and such one or more other entities would each have an undivided co-ownership interest in the Receivables Pool.

No such sales would take place unless the Required Coverage was maintained. Other than the sale of Trust Participation Interests to the Trust described herein, the Corporation has no present intention to sell either Receivables or interests in the Receivables Pool but wishes to have this additional flexibility available to it for future use; accordingly, the discussion herein deals only with purchases of Trust Participation Interests by the Trust.

The proposed amendments, all of which are summarized below under "Extraordinary Resolution", would also change the terms of the Trust Deed and the Debentures to (i) increase the interest rate on all outstanding series of Debentures by 0.375%, (ii) increase the Required Coverage from 112½% to 125%, and (iii) change the provisions for each outstanding Series of Debentures which relate to the redemption of Debentures of such Series in circumstances where there has been a failure to maintain the Required Coverage to provide that if there is a redemption of Debentures of such Series in such circumstances: (a) the redemption price shall be the greater of the Canada Yield Price (as defined below) and the redemption price now provided in the supplemental trust deed pursuant to which the Debentures of such Series were issued, together in each case with accrued and unpaid interest to the date fixed for redemption, and (b) a pro-rata portion of all Series of currently outstanding Debentures will be redeemed. "Canada Yield Price" with respect to a Series of Debentures means, in effect, a price for the Debentures of that Series calculated, on the business day preceding the date on which the Corporation gives notice of redemption pursuant to the Trust Deed, to provide a yield to maturity equal to the the Government of Canada Yield (as defined below) plus 0.35%. "Government of Canada Yield" on any date means, in effect, the yield to maturity on such date, assuming semi-annual compounding, which a non-callable Government of Canada Bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the remaining term to maturity of the Debentures of that Series. The Government of Canada Yield will be determined by two major Canadian investment dealers.

The Proposed Financing Arrangements and their Implications for Debentureholders

Sale of Trust Participation Interests

The initial and all subsequent sales of the Trust Participation Interests by the Corporation to the Trust would be made pursuant to a receivables purchase and participation agreement (the "Participation Agreement") to be entered into among Sears, the Corporation, a trust company, as trustee for the Trust and the Trustee, as trustee for the Debentureholders. The Trust would issue debt and equity from time to time in amounts sufficient to enable it to finance its purchases of Trust Participation Interests. The indebtedness of the Trust would be issued at attractive rates relative to Sears' own borrowing costs and those of the Corporation. The senior, medium and long-term indebtedness of the Trust has been assigned, on a preliminary basis, a rating of AAA by Dominion Bond Rating Service Limited and A++ by Canadian Bond Rating Service, being each rating service's highest rating. Each rating service has also confirmed, subject to review of final documentation, that the existing A rating on the Debentures would be maintained following the completion of the proposed changes to the Corporation's financing arrangements. It is the intention of the Corporation and Sears that the proceeds of sale of the initial Trust Participation Interest be used by the Corporation to repay intercorporate indebtedness owing to Sears on account of the purchase price of Receivables, and that amounts so repaid by the Corporation be used by Sears to repay outstanding debt of Sears. As a consequence of these transactions, the level of debt of both the Corporation and Sears would be reduced and the debt/equity ratio of both Sears and the Corporation would be improved.

Security

The Debentures are currently secured by a fixed charge over, among other things, the Receivables. The Trust Deed also provides for a floating charge over the Corporation's other assets. Collections on the Receivables are automatically released from the security constituted by the Trust Deed if, at the time of collection, the Required Coverage is maintained. Such released collection proceeds are applied to reduce the intercorporate indebtedness owing by the Corporation to Sears.

To facilitate the proposed financing arrangements, the Debentureholders are being asked to permit the Corporation to sell Trust Participation Interests in the Receivables which are now the subject matter of the fixed charge. As a result, the Debentures would no longer be secured by a fixed charge over all Receivables, but rather would be secured by a fixed charge over the Acceptance Participation Interest.

Coverage

The Corporation is currently required to maintain the Required Coverage at 112½%. Under the proposed arrangements, such coverage would no longer be provided by the entire Receivables Pool but by the Acceptance Participation Interest. The proposed amendments would require that the Required Coverage be increased to 125%.

Acceptance Participation Interest

The Acceptance Participation Interest would be an undivided co-ownership interest in all Receivables included in the Receivables Pool from time to time, including undistributed proceeds therefrom. Under the Participation Agreement, at any particular time:

(a) the dollar amount of the Receivables Pool at the time would be calculated as the aggregate of the unpaid balances of all Receivables in the Receivables Pool at that time excluding all "Charge-Offs", being the full balance payable under any account under which an amount due has been delinquent for 90 days or more or any other Receivable written off by Sears in accordance with its standard credit practices;

(b) the dollar amount of the Trust Participation Interest at the time would be calculated as the total of all amounts paid by the Trust to acquire its interest, plus (or minus) the Trust's cumulative share of income (or loss) generated by the Receivables Pool to such time less any portion of collections actually paid to the Trust (the balance of the Trust's share of collections being automatically reinvested in the Receivables Pool to maintain the Trust Participation Interest), and

(c) the dollar amount of the Acceptance Participation Interest at the time would be calculated as the balance, at that time, of the dollar amount of the Receivables Pool after deducting the dollar amount of the Trust Participation Interest.

The dollar amounts of the Acceptance Participation Interest and the Trust Participation Interest would be calculated and adjusted on a periodic basis to allocate to the Corporation and the Trust their respective entitlements to collections of Receivables and their respective shares of income or loss generated by the Receivables Pool.

Income from the Receivables Pool would be generated in any determination period if the sum of service charges billed to account holders in such period plus recoveries of previous Charge-Offs exceeded the aggregate of all Charge-Offs for such period. When income is earned for any determination period, the Trust would be entitled to receive, as its share of service charges billed on the Receivables during the period, an amount equal to the lesser of (i) the income from the Receivables Pool for such period multiplied by the average for such period of the dollar amounts of the Trust Participation Interest divided by the average for such period of the dollar amounts of the Receivables Pool (the "Maximum Trust Entitlement"), and (ii) the debt and equity servicing requirements (other than repayments of principal or reductions of capital) of the Trust (the "Trust Financing Cost") for such period. If the Trust Financing Cost for any determination period exceeds the Maximum Trust Entitlement for the period, the Trust's entitlement to service charges billed in a future period would be increased (subject to not exceeding the Maximum Trust Entitlement for the period) until the deficiency is recovered. The Maximum Trust Entitlement is expected to greatly exceed the Trust Financing Cost for any determination period. In such circumstances, the difference between the Maximum Trust Entitlement and the Trust Financing Cost would accrue to the benefit of the Corporation in addition to its pro-rata share of income.

If, for any determination period, Charge-Offs exceed total service charges billed and recoveries, a loss on the Receivables Pool would be incurred. The Corporation and the Trust would share such losses pro rata and the dollar amounts of their respective interests would be reduced accordingly. However, if the Maximum Trust Entitlement for a subsequent determination period exceeds the Trust Financing Cost for that period, the Trust's share of losses in a preceding period would be recoverable from such surplus.

Generally, the Trust's share of collections would be used to fund the Trust Financing Cost and otherwise would be reinvested in the Receivables Pool to maintain the level of the Trust Participation Interest. However, upon the occurrence of certain events (subject to remedial time periods) including the following (each an "Amortization Event"), the Trust would apply its full share of collections toward the amortization of its indebtedness:

(a) a failure by Sears or any successor, as Servicer of the Receivables, to make required payments to the Trust;

(b) a material breach by the Corporation of its obligations under the Participation Agreement or any debt instrument, including the Trust Deed;

(c) winding-up, bankruptcy, insolvency or similar events relating to Sears or the Corporation;

(d) the failure of the Trust to achieve or maintain specified measures of financial performance; and

(e) the occurrence of an event which entitles the Trustee and/or the Trust to replace Sears as Servicer.

After an Amortization Event, the Trust would receive as its share of the collections for a period an amount equal to the sum of (i) its pro-rata share of the portion of such collections representing service charges, based on the dollar amount of the Trust Participation Interest at the time of payment and (ii) its pro-rata share of the balance of such collections in excess of the portion representing service charges, based on the dollar amount of the Trust Participation Interest as of the date of the Amortization Event. Payments would continue until the total dollar amount of the Trust Participation Interest was reduced to zero. Thereafter, the Trust would have no further interest in or right to the Receivables or the proceeds therefrom.

Servicing of the Receivables

Sears would continue, under the Purchase Agreement amended and restated as the Receivables Purchase and Servicing Agreement (the "Servicing Agreement"), to be the Servicer of the Receivables. As Servicer, Sears would collect the Receivables for the Trust and the Corporation and would maintain with a chartered bank a trust account for the Trust and the Corporation into which, following processing, collections on account of the Receivables would be paid.

Under the Servicing Agreement, Sears would continue to be reimbursed for its expenses attributable to servicing the Receivables. As the Trust Participation Interest is a serviced interest, the Corporation would be solely responsible for reimbursing Sears for these expenses or for the fees, expenses and disbursements of any successor Servicer, regardless of the amount of the Acceptance Paticipation Interest relative to the size of the Receivables Pool.

The Servicing Agreement would require that Sears, as Servicer, keep accurate records relating to the Receivables and make certain calculations and adjustments to the Trust Participation Interest pursuant to the Participation Agreement and report on such calculations to the Corporation and the Trust and, if requested, to the Trustee.

In certain specified events set out in the Servicing Agreement, the Trustee and the Trust would have the right to remove Sears as Servicer and appoint a successor. In the event that the Trustee and the Trust fail to agree, such appointment would be made by the Trustee alone if, at the relevant time, the principal amount of the outstanding Debentures is greater than the Trust Participation Interest, but would be made by the Trust alone if the Trust Participation Interest is greater. The entities eligible to act as successor Servicer would include (i) a Canadian chartered bank, (ii) a trust company licensed to carry on business in each province and territory, (iii) a firm of chartered accountants, or (iv) a company associated with a firm of chartered accountants and licensed to act as a trustee in bankruptcy. Events giving rise to the right to replace Sears as Servicer would include:

(a) a failure by Sears for a specified period to make any payment or perform any duty under the Servicing Agreement;

(b) winding-up, bankruptcy, insolvency or similar events relating to Sears; and

(c) Sears ceasing to carry on a retail merchandising business.

Enforcement

The rights of the Trustee to independently enforce the security constituted by the Trust Deed would be circumscribed where a Trust Participation Interest exists at the time of realization. In such event, the Trustee's rights would be limited to the right to receive from the Servicer the Corporation's share of collections, as described above. The Trustee would also be entitled to elect to terminate the obligation of the Corporation to acquire further Receivables.

Benefits to Debentureholders

The Corporation regards the proposed transaction and the amendments to the Trust Deed to be beneficial to Debentureholders for the following reasons:

(a) the interest rate on all outstanding Debentures will be increased by 0.375%;

(b) the Required Coverage will be increased from 112½% to 125%;

(c) the redemption price for Debentures being redeemed in circumstances where there has been a failure to maintain the Required Coverage will be changed to the greater of the Canada Yield Price and the redemption price now provided and in such circumstance, a pro-rata portion of all currently outstanding Debentures will be redeemed;

(d) Sears and the Corporation will have access to additional financing alternatives and achieve reduced costs in future financing which will result in improved interest coverage ratios for both Sears and the Corporation;

(e) the proceeds of sale will be used to reduce the debt of both Sears and the Corporation resulting in an improved debt/equity ratio for both Sears and the Corporation;

(f) the benefits to Sears referred to in (d) and (e) will strengthen Sears' ability to fulfil its obligations under its guarantees of the Debentures;

(g) all amounts owing by the Corporation to Sears will be expressly subordinated to the rights of the Debentureholders; and

(h) the Corporation will be prohibited from paying the amount owing to Sears on account of the purchase price of the Receivables if, under the Trust Deed, (i) the Corporation is in arrears in respect of payment obligations, (ii) an event of default has occurred, or (iii) the Required Coverage is not maintained.

GST Opinion

The Corporation has applied to Revenue Canada for its opinion on the application of the goods and services tax to certain aspects of the proposed financing arrangements. The Corporation anticipates that it will receive a favourable opinion from Revenue Canada. However, if the Corporation does not receive a favourable opinion from Revenue Canada, notwithstanding the approval of the Extraordinary Resolution (as defined below) at the Meeting, the Corporation may decide not to proceed with the amendments to the Trust Deed and the proposed financing arrangements. If the Corporation, prior to the Meeting, decides for this reason not to proceed, the Corporation will notify Debentureholders that the Meeting has been cancelled.

Extraordinary Resolution

The Meeting is being called for the purpose of considering and, if thought fit, passing, pursuant to the provisions of the Trust Deed, an extraordinary resolution (the "Extraordinary Resolution") which would:

1. approve and authorize the Trustee to execute the 1991 Supplemental Trust Deed which would amend the Trust Deed to, among other things:

(a) release the security constituted by the Trust Deed to the extent necessary to permit the sale of Trust Participation Interests to the Trust from time to time;

(b) release the security constituted by the Trust Deed to the extent necessary to permit the sale, subject always to maintenance of the Required Coverage, of (i) Receivables selected on a random basis and/or (ii) one or more undivided co-ownership interests (in addition to the Trust Participation Interest) in the Receivables to one or more other entities;

(c) provide that the interest rate on all outstanding Debentures will be increased by 0.375%;

(d) provide that the Required Coverage will be increased from 112½% to 125%;

(e) provide that the provisions for each outstanding Series of Debentures which relate to the redemption of Debentures of such Series in circumstances where there has been a failure to maintain the Required Coverage will be changed to provide that if there is a redemption of Debentures of such Series in such circumstances: (a) the redemption price shall be the greater of the Canada Yield Price and the redemption price now provided in the supplemental trust deed pursuant to which the Debentures of such Series were issued, together in each case with accrued and unpaid interest to the date fixed for redemption, and (b) a pro-rata portion of all Series of currently outstanding Debentures will be redeemed;

(f) prohibit any payment by the Corporation to Sears on account of the indebtedness owing to Sears for the purchase price of Receivables, if (i) the Corporation is in arrears in the payment of interest or sinking fund obligations on the Debentures, (ii) an event of default has occurred, or (iii) the Required Coverage is not maintained; and

(f) provide that the exercise of the remedies available to the Trustee and the Debentureholders pursuant to the Trust Deed will be subject to the provisions of the Servicing Agreement regarding collections procedures and may be correspondingly limited;

2. approve and authorize the Trustee to execute the Servicing Agreement which would amend and restate the Purchase Agreement to, among other things:

(a) add the Trustee and the trustee of the Trust as parties;

(b) make all changes necessary to accommodate the creation and adjustment of the Trust Participation Interest and the division of income and distribution of collections from the Receivables Pool;

(c) provide that the Corporation, Sears, the trustee of the Trust and the Trustee, on behalf of the Debentureholders, will enter into a subordination agreement (the "Subordination Agreement") pursuant to which all amounts owing to Sears by the Corporation are expressly subordinated by Sears to the rights of the Debentureholders and of the Trust; and

(d) provide for the setting of the interest rate on the amount owing from time to time by the Corporation to Sears on account of the purchase of Receivables at any rate not exceeding the prime rate plus 4%;

3. approve and authorize the Trustee to execute the Participation Agreement; and

4. authorize the Trustee to execute such other documents and do such other things which may be necessary or desirable to give effect to and carry out the Extraordinary Resolution.

The Extraordinary Resolution, the 1991 Supplemental Trust Deed, the Servicing Agreement, the Participation Agreement and the Subordination Agreement to be approved at the Meeting will be in substantially the form of the drafts thereof made available to the Debentureholders prior to the Meeting as indicated below with such amendments and variations as are described to the Meeting and such further amendments and variations as the Trustee and the Corporation may agree.

Relevant Documents

Copies of the following documents may be examined by Debentureholders or their authorized representatives during normal business hours at the offices of the Trustee and the paying agents mentioned below after November 1, 1991:

(i) the Trust Deed, the Purchase Agreement (which is a schedule to the Trust Deed), and all supplemental deeds;

(ii) a draft of the 1991 Supplemental Trust Deed;

(iii) a draft of the Servicing Agreement;

(iv) a draft of the Participation Agreement;

(v) a draft of the Subordination Agreement; and

(vi) a draft of the Extraordinary Resolution.

Copies of the following materials may be obtained by Debentureholders or their authorized representatives during normal business hours at any one of such offices:

(i) regulations established by the Trustee concerning attendance and voting at the Meeting, including regulations relating to proxy voting and voting by holders of unregistered Debentures;

(ii) forms of deposit certificates and related forms to enable holders of unregistered Debentures to be present and vote at the Meeting without producing their Debenture certificate; and

(iii) Forms of Proxy.

Quorum, Voting Requirements and Adjournments

A quorum at the Meeting shall consist of the holders of not less than 51% of the principal amount of all outstanding Debentures present in person or represented by proxy. The Extraordinary Resolution must be passed by the affirmative vote of not less than 75% of the votes cast, including the affirmative vote of not less than 75% of the votes cast by holders of Series A Debentures. If so passed, the Extraordinary Resolution shall be binding upon all the Debentureholders, whether present at or absent from the Meeting.

The holders of registered Debentures as of the close of business on the record date, October 11, 1991, are entitled to attend in person or by proxy and to vote at the Meeting or any adjournment, as are all holders of unregistered Debentures and holders of registered Debentures transferred after the record date who establish their ownership of Debentures to the Trustee pursuant to the Trustee's regulations.

In the event that a quorum is not obtained at the Meeting within 30 minutes after the time appointed for the Meeting, the Meeting shall be adjourned to such date, being not less than 21 nor more than 60 days later, and to such place and time as may be appointed by the Chairman of the Meeting. Not less than 10 days notice shall be given of the time and place of such adjourned meeting. Such notice shall state that at the adjourned meeting the Debentureholders present in person or represented by proxy shall form a quorum. It shall not be necessary to set forth in such notice the purposes for which the Meeting was originally called or any other particulars. At the adjourned meeting, the Debentureholders present in person or represented by proxy may transact the business for which the Meeting was originally called or any other business properly before the adjourned meeting. If the Extraordinary Resolution is passed at the adjourned meeting by 75% of the votes cast at such meeting, it shall be binding as noted above notwithstanding that the holders of 51% in principal amount of outstanding Debentures are not present in person or represented by proxy at the adjourned meeting.

Solicitation of Proxies

It is expected that the solicitation of proxies for the Meeting will be made primarily by mail and by publication but proxies may also be solicited in person or by telephone by directors, officers or employees of the Corporation or by advisers retained by the Corporation. The cost of the solicitation of proxies will be borne directly by the Corporation. No person is authorized to give any information or to make any representations other than those contained in this Notice and Information Circular and, if given or made, such information or representations must not be relied upon as having been authorized.

Voting of Unregistered Debentures

Holders of unregistered Debentures desiring to vote at the Meeting must either produce their Debentures at the Meeting or deposit their Debentures with the Trustee or one of the paying agents at one of the offices mentioned below or with a bank, another trust company or other depositary approved by the Trustee, which depositary will issue a Certificate of Deposit in respect of the Debentures. In order to have a depositary issue a Certificate of Deposit, holders of unregistered Debentures must complete and deliver Form A (Request for Issue of a Certificate of Deposit) to the depositary together with Form B (Certificate of Deposit) and Form C (Receipt for Deposit of Debentures). The depositary will then return to the Debentureholder the completed Form B and completed Form C. The Certificate of Deposit will entitle the holder named in the certificate to be present and vote at the Meeting or to appoint a proxy to represent and vote for such holder at the Meeting in respect of the Debentures deposited. If a holder of unregistered Debentures desires to vote by proxy, the completed Certificate of Deposit must accompany the proxy. Debentures deposited will be held on deposit until after the Meeting and will then be returned to the depositor, unless withdrawn prior to such time upon surrender of the relevant Certificate of Deposit. Forms A, B and C and Forms of Proxy may be obtained from any of the offices of the Trustee or one of the paying agents mentioned below.

Voting by Proxy

A holder of Debentures who is unable to be present at the Meeting in person is requested to exercise the right to vote (i) by completing (including signing and dating) and returning by delivery or mail a Form of Proxy to the Trustee or a paying agent at one of the offices mentioned below, so as to arrive not later than 5:00 p.m. (Toronto time) on November 15, 1991 or if the Meeting is adjourned, not later than 5:00 p.m. (Toronto time) on the last business day prior to the date to which the Meeting is adjourned or (ii) by presenting a Form of Proxy at the Meeting or adjourned meeting prior to the commencement of the Meeting or adjourned meeting.

Appointment and Revocation of Proxies

The persons named in the Form of Proxy are Larry E. Ginther, Richard C. McMillan and Rudolph R. Vezer, the Vice-President, Chief Financial Officer and Treasurer, Vice-President, Personnel and Credit and Vice-President, Secretary and General Counsel, respectively, of the Corporation. **If a Debentureholder has appointed one of the persons named in the Form of Proxy to act and vote on the holder's behalf as provided in the Form of Proxy, the proxy will be voted in accordance with any instructions concerning the Extraordinary Resolution specified on the Form of Proxy. If the holder does not provide any such instructions, the principal amount of Debentures represented by the proxy will be voted for the approval of the Extraordinary Resolution. A Debentureholder who wishes to appoint some other person to represent the holder at the Meeting may do so by inserting such person's name in the blank space provided in the Form of Proxy or by completing another proxy in form similar to that Form of Proxy. Such other person need not be a Debentureholder.**

A Debentureholder who has given a proxy may revoke the proxy (a) by completing and signing a Form of Proxy bearing a later date and delivering or mailing it to Montreal Trust Company or one of the paying agents mentioned below; (b) by depositing an instrument in writing revoking the proxy executed by the holder or by the holder's duly authorized attorney (who must be authorized in writing) (i) with the Corporation at 222 Jarvis Street, Toronto, Ontario, Canada, M5B 2B8, Attention: Secretary, or with the Trustee or one of the paying agents mentioned below, in either case at any time up to and including 5:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting, or any adjournment, at which the proxy is to be used, or (ii) with the Chairman of the Meeting or the scrutineers prior to the commencement of the Meeting on the day of the Meeting, or any adjournment, at which the proxy is to be used; (c) by attending the Meeting or any adjournment in person and registering with the scrutineers as a Debentureholder present in person; or (d) in any other manner permitted by law.

The principal amount of Debentures represented by a properly executed proxy in favour of the persons designated in the Form of Proxy will be voted in accordance with any specifications so made on the proxy.

Debentures Eligible to be Voted and Principal Holders

As of October 8, 1991, there were outstanding respectively, $175,000,000 principal amount of Series A Debentures and $346,047,000 principal amount of Debentures of all other Series. As at that date, Canadian Imperial Bank of Commerce and Royal Bank of Canada each owned $87,500,000 principal amount of Series A Debentures, being all of the outstanding Series A Debentures. To the knowledge of the directors and officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the principal amount of outstanding Debentures of all other Series, other than The Manufacturers Life Insurance Company, which, to the Company's knowledge, owns approximately $36,676,000 principal amount of Debentures.

Director's Approval

The contents and sending of this Notice and Information Circular have been approved by the board of directors of the Corporation.

RUDOLPH R. VEZÉR
Vice-President, Secretary
and General Counsel

DATED at Toronto, Ontario, Canada this 18th day of October, 1991.

MONTREAL TRUST COMPANY,
as trustee for the Debentureholders, at the request of Sears Acceptance Company Inc.

J. BLYTH
Manager, Central Region,
Corporate Services Division

Offices of Montreal Trust and the Paying Agents

Copies of the documents referred to above under "Relevant Documents" may be examined or obtained, as the case may be, at any of the following offices:

Montreal Trust Company:

15 King Street West Toronto, Ontario M5H 1B4 Attention: Corporate Trust Services	Place Montreal Trust 1800 McGill College Avenue Montreal, Quebec H3B 3K9 Attention: Corporate Trust Services	221 Portage Avenue P.O. Box 369 Winnipeg, Manitoba R3C 2J1 Attention: Corporate Trust Services
1690 Hollis Street P.O Box 2187 Halifax, Nova Scotia B3J 3J9 Attention: Corporate Trust Services	411 8th Avenue S.W. Calgary, Alberta T2P 1E7 Attention: Corporate Trust Services	510 Burrard Street Vancouver, B.C. V6C 3B9 Attention: Corporate Trust Services

Paying Agents:

Royal Bank of Canada 71 Queen Victoria Street London, England EC4V 4DE Attention: Giselle Warman	Royal Bank of Canada (Suisse) SA Rue Diday 6 1204, Geneva Switzerland Attention: Mr. J. Bourgeois	Royal Bank of Canada Royal Bank Plaza Toronto, Ontario Canada M5J 1J5 Attention: Mrs. Barbara Schiele
NMB Bank (Belgium) S.A./N.V. Rue de Ligne 1 B-1000 Brussels Belgium Attention: Mr. Robert Luidinant	Banque Générale du Luxembourg 14 Rue Aldringen L-2951 Luxembourg Attention: Mr. Gelbert Schiltges	Royal Saint George Bank S.A. 3 Rue Scribe 75440 Paris CEDEX 09 France Attention: Paying Agency Dept.

INTERNATIONAL COMPANIES AND FINANCE

Bristol-Myers and Pfizer improve in third quarter

By Karen Zagor in New York

THE pharmaceutical industry's ability to thrive regardless of the state of the economy was reflected in the third-quarter results of Bristol-Myers Squibb and Pfizer, two leading US pharmaceutical companies.

Bristol-Myers turned in a 14 per cent rise in net income to $563.5m, or $1.08 a share, from $495.9m, or 94 cents, in 1990 quarter. Sales grew to $2.76bn from $2.62bn. Pre-tax earnings rose 10 per cent to $784.2m from $715.6m.

Although the results were strong, many on Wall Street had expected growth of about 20 per cent from Bristol-Myers. Shares in the company fell $1½ to $82 in morning trading.

Pfizer, which is starting to reap the rewards of its investment in research and development, saw net income in the quarter grow 13 per cent to $274.7m, or 81 cents a share, from $243.3m, or 72 cents, in the year-earlier period.

Last year's earnings per share have been restated to reflect a two-for-one stock split in the first quarter.

Sales in the quarter advanced 8 per cent to $1.77bn from $1.64bn. Excluding the divestiture of Pfizer's citric acid business in December, underlying sales rose 11 per cent in the quarter.

Pfizer's R&D expenses grew 16 per cent in the quarter to $179.6m from $154.6m.

Mr William Steere, president and chief executive, said new pharmaceutical products had accounted for nearly half of Pfizer's pharmaceutical sales in the latest quarter, compared with 33 per cent a year ago.

Sales of Procardia XL, a cardiovascular drug, surged 84 per cent, while sales of Diflucan, an antifungal, advanced 55 per cent.

"This momentum should continue with the further worldwide introduction of new products," Mr Steere said.

Pfizer's Zoloft anti-depressant drug this month received an "approval letter" from the US Food and Drug Administration (FDA), increasing the likelihood it will be on the market by the end of the year. Two other drugs have been favourably reviewed by FDA advisory committees.

Inland Steel suffers further setback

By Barbara Durr in Chicago

INLAND Steel, beleaguered by low prices and slack demand in its main markets of automobiles and other consumer durables, was able to slow the pace of its losses during the third quarter. However, the outlook for the company continues to be gloomy.

The company recorded a third-quarter net loss of $18.8m, or 87 cents a share, compared with loss of $2.2m, or 27 cents, in the 1990 period. However, the loss was not as great as those in the previous three quarters.

Inland reduced its operating loss compared with the second quarter by 42 per cent and its net loss by 25 per cent.

Third-quarter sales were 10 per cent off from the year-earlier period and slightly lower than in the second quarter.

Mr Frank Luerssen, chairman, warned of an uncertain outlook for consumer durables, particularly automobiles. "We're taking a very cautious attitude toward both the fourth quarter and the early months of 1992," he said.

For the first nine months, Inland suffered a net loss of $83.8m, or $3.44 a share, compared with a net income of $36.5m, or 55 cents, for the same period last year

Digital edges higher but disappoints

DIGITAL Equipment, the US computer manufacturer, yesterday reported first-quarter earnings at the low end of Wall Street forecasts, Reuters reports.

The group earned $28.6m, or 23 cents a share in the three months to end-September, compared with $26.2m, or 21 cents, in the year-earlier period. Revenues for the quarter rose to $3.29bn from $3.09bn.

Digital said it had yet to see evidence in its business that would indicate an improved economy, adding that the recession would continue to affect the industry at least in the near-term.

Mr Jack Smith, senior vice-president, said that the company would keep its expenses on a downward trend. First-quarter expenses were down $100m from the year-earlier period, and the company reduced its workforce by 4,000 people from a year ago.

American Barrick achieves record earnings and output

By Robert Gibbens in Montreal

AMERICAN Barrick Resources, North America's fastest-growing gold producer, has posted peak earnings and production for the third quarter to the end of September. It also announced that its shares would soon begin trading on the London Stock Exchange.

Barrick, controlled by Mr Peter Munk, the Toronto financier, reported net profit of US$28.2m, or 20 cents a share, up 81 per cent from $15.6m, or 12 cents, in the year-earlier period. Revenues were $92m, against $65m.

Production was 221,849 ounces, compared with 163,366 ounces a year ago. The average price realised was $433 an ounce, against $455. Average cash costs fell to $279 an ounce from $339.

Earnings for the first nine months were $68.4m, or 50 cents a share, up 59 per cent from $43.1m, or 33 cents, a year earlier. Revenues in the latest nine-month period were $255m, against $179m. Output was 595,524 ounces, against 437,562 ounces.

The Goldstrike mine in Nevada produced 408,310 ounces, up 61 per cent from a year earlier.

Higher gold sales combined with lower operating costs and price hedging were the main reasons for the record results, said Mr Robert Smith, president. Production will pass 700,000 ounces for all of 1991.

Goldstrike alone will produce more than 900,000 ounces in 1992, as the company begins to mine high-grade ore.

Barrick plans to spend US$150m to build a second mine at its Purple Vein deposit also in Nevada. Barrick's total production is expected to exceed 1.1m ounces next year.

Barrick shares are already traded in New York, Toronto, Montreal, Paris and on the Swiss Stock Exchanges.

CP Forest slips into the red with C$55m loss

By Robert Gibbens in Montreal

CANADIAN Pacific Forest Products, one of Canada's two biggest newsprint producers, reported a net loss of C$55m (US$48.6m), or C$1.26 a share, in the third quarter, against a profit of C$1m, or 2 cents, in the 1990 quarter.

CPFP's final net loss was C$1m after including a C$54m gain on the sale of its tissue business. Sales from continuing operations were C$499m against C$545m.

CPFP is the first Canadian integrated forest products company to report for a third quarter. Others are expected to report significant losses.

The company blamed the result on lower shipments and weak prices for newsprint and market pulp, the high Canadian dollar and higher borrowing costs. Packaging products improved slightly, as did white papers, but timber prices fell sharply in the third quarter.

The loss for the first nine months was C$107.5m, or C$2.44 a share, against a net profit of C$12.4m, or 28 cents, a year earlier. Sales were C$1.47bn, against C$1.71bn.

Capital spending for the nine months was C$326m. Several big projects in Quebec and Ontario are scheduled for completion within the next 18 months. Expenditures are expected to decline gradually over this period.

● MacMillan Bloedel, western Canada's largest forestry group, blamed the continuing slump in newsprint and pulp prices for a C$29.5m third-quarter loss.

The loss, equal to 29 cents a share, compares with net earnings of C$6.2m, or 3 cents a share, in the year-earlier period. Sales dipped to C$665.3m from C$719.4m.

Losses for the first nine months were C$37m, a sharp reversal from the C$65m profit posted in the 1990 period.

Northrop buoyed by B-2 bomber

NORTHROP, the US defence contractor, said its third-quarter profits had risen on increased sales of the B-2 stealth bomber, which more than offset lower margins on the F/A-18 and 747 aircraft, Reuter reports.

Earnings rose to $53.8m, or $1.14 a share, from $42.4m, or 90 cents, in the 1990 quarter. Sales increased to $1.56bn from $1.28bn.

Operating profit in each of Northrop's three main industry – aircraft, electronics and missiles – improved.

Earnings for the first nine months were $129.3m, or $2.75 a share, up from $167.7m, or $3.57, in the 1990 period. Year-ago results include an after-tax gain of $67.1m, or $1.42 a share, on the sale of the company's headquarters complex.

Colgate advances 14% to $96m on operating level

By Martin Dickson in New York

COLGATE-Palmolive, the US household products group, yesterday reported a 14 per cent increase in third-quarter net income before taking a previously announced restructuring charge which pushed the company $146.6m into the red.

Colgate announced last month that it would be taking a $243m after-tax charge to cover the closure or reconfiguration of 25 of its 91 factories around the world and the trimming of its labour force by 8 per cent.

Including the charge, the company's net loss worked through at $1.13 a share and compared with profits of $84.4m, or 60 cents, in the same period last year. Sales rose 3 per cent to $1.5bn on worldwide volume up 5 per cent.

Excluding the charge, net income rose to $96.4m and earnings per share were 68 cents.

Colgate has undergone extensive rationalisation in recent years under Mr Reuben Mark, the chairman. He said yesterday that the quarterly operating results were excellent in view of the recession in much of the developed world and weaker European currencies. Some two-thirds of the group's sales are outside the US.

Mr Mark said that the largest operating profit increases in the group came from Colgate-US, Colgate-Far East and Hill's Pet Products, which makes special food for animals which can only be dispensed by veterinary surgeons.

European profits were slightly below the 1990 level because of currency shifts. Gross profit margins improved from 44.8 per cent to 45.8 per cent.

The increased profits at Colgate-US stemmed from health volume growth, which was up 6 per cent, as well as greater plant efficiencies and tighter expense controls.

The company also announced plans for a public offering of 10m shares, which it said would be used to repay debt and for general corporate purposes.

Union Pacific hit by provision

By Nikki Tait in New York

UNION Pacific, one of the largest US railroad companies, yesterday unveiled an after-tax loss of $406m for the third quarter of 1991, but the deficit was entirely due to a special restructuring charge of $575m.

The company warned in September that it would be taking this provision, designed to cover labour productivity changes – including 3,000-4,000 redundancies over the next three to five years – and the lease or abandonment of 7,100 miles of light-density lines.

Union Pacific, based in Pennsylvania but with all its track concentrated west of the Mississippi, would have shown a fairly static third-quarter performance without the provision. Net earnings would have edged ahead from $161m to $169m, while operating revenues would have totalled $342m, against $345m, on sales of $1.74bn, compared with $1.75bn.

On the core railroad business, earnings would have improved about 12 per cent to $166m before the charge.

Union said that car-loadings were up by 3 per cent, with merchandise and food products leading the way. Grain was also up 3 per cent – thanks partly to Russian purchases in September – but coal, another important commodity for the railroad, was flat.

All other divisions showed reduced earnings, before the charge. Union Pacific Resources, the natural resources business, reported earnings of $46m, compared with $51m a year earlier.

Union said crude oil and natural gas liquid volumes were up 38 and 31 per cent respectively, but gas volumes were reduced by 15 per cent because of low prices. Neither set of volume gains, however, offset lower product prices.

Sandoz optimistic after 7% rise

By William Dullforce in Geneva

SANDOZ, the Swiss pharmaceuticals and chemicals group, yesterday reported a 7 per cent increase in sales to SFr10.2bn ($6.85bn) during the first nine months compared with the corresponding period last year and was more bullish about the 1991 profit outlook.

The company predicted a further increase in consolidated profits this year. The negative effect of a strong Swiss franc was fading as the strengthening of the dollar and the yen restored a certain equilibrium to financial markets.

At the half-way stage Mr Marc Moret, chairman, said the group expected to reach a "satisfactory result" in 1991. In 1990 the group posted net consolidated earnings of SFr967m on turnover of SFr12.4bn.

Sandoz's sales performance has improved over the first three quarters. In the first three months, turnover, expressed in Swiss francs, dropped 3 per cent and a 2 per cent growth was reported for the first half.

The 7 per cent increase over nine months reflects an acceleration in the third quarter.

In local currencies, excluding hyper-inflationary countries, sales grew 8 per cent in the first nine months. The most pronounced advances, 12 per cent in each case in Swiss francs, were made in pharmaceuticals where turnover reached SFr4.28bn and in nutritional products where sales were SFr1.13bn.

Sales of chemicals rose 1 per cent to SFr1.78bn and seeds at SFr801m showed growth of 2 per cent in Swiss francs.

Of the two other big Swiss chemical groups in Basle, Ciba-Geigy, the biggest, reported a 5 per cent increase in sales in the first nine months while Roche's turnover climbed by 17 per cent.

Norsk Hydro takes NKr500m charge

By Karen Fossli in Oslo

NORSK HYDRO, Norway's biggest listed company, said yesterday it would take a NKr500m (US$74m) charge in the third quarter to cover costs associated with the restructuring of its agriculture and magnesium divisions.

It said the restructuring was expected to lead to total annual cost reductions of an estimated NKr260m.

The company plans to close fertiliser production facilities and introduce cost reduction measures in European plants during 1992.

The charges relating to the agriculture division are estimated by Hydro at NKr400m, leading to an annual cost reduction of NKr200m.

Hydro repeated that part of its magnesium facility in Porsgrunn, Norway, would be taken out of production. The production line to be closed has an annual capacity of 19,000 tonnes and the closure will lead to a NKr60m improvement in the division's annual operating result.

The company explained that the closure had been forced by a difficult market and increased raw material costs.

Share deal agreed by mining companies

By Mark Westfield in Sydney and Bernard Simon in Toronto

THE INTRIGUING relationship between Canada's Teck Corporation, Australia's MIM Holdings and Metall Mining, a 59 per cent owned and quoted subsidiary of Metallgesellschaft of Germany, is being reorganised.

The three companies and their associates already control about 8 per cent of the western world's copper production, 12 per cent of the zinc output and 19 per cent of lead production.

In 1986 they took control of Cominco, Canada's biggest lead-zinc miner, in a C$300m (US$265.5m) deal with Canadian Pacific

In a complex restructuring, Metall Mining is to exchange its interest in Cominco for MIM shares, as well as Teck shares held by MIM. The deal, valued at C$195m, will lift Metall's stake in MIM from 4 per cent to 8.5 per cent, bringing Metallgesellschaft's total interest in the Australian company to 14 per cent.

Not only will this give the German group a bigger foothold in Australia and the fast-growing Asia-Pacific region, but Metall and MIM also intend to expand their joint venture operations into bigger projects, particularly in Chile.

Metall's interest in Teck will rise from 9.5 per cent to 14.1 per cent, consolidating its position as the largest shareholder in Teck after the Keevil family.

Mr Klaus Zeitler, Metall's president, pointed out that his company previously had swapped small stakes in two companies for a more substantial shareholding in Teck.

Teck, Metall and MIM control Cominco via a joint venture which owns 45 per cent of that company. Teck holds half the shares of the joint venture, with the remaining half split equally up to now between the Australian and German companies. After the restructuring, Metall's interest in Cominco will be an indirect one through its holdings in MIM and Teck, while MIM's interest in Cominco will rise to 22.5 per cent.

MIM will issue new shares to Metallgesellschaft, with shareholders' approval, at A$1.998 a share, compared with yesterday's MIM closing price of A$2.17, 8 cents up on the day.

The German group will become MIM's second largest shareholder, behind the US Asarco group, which has 18.5 per cent. MIM also has a cross-holding in Asarco, a leading American base metals group, and owns 25 per cent of that group.

Mr Norman Fussell, MIM's chief executive, said one of Cominco's main attractions to his company was its Red Dog deposit in Alaska, rated one of the world's lowest-cost zinc mines. Cominco also has 46 per cent of Aberfoyle, which operates the Hellyer lead-zinc mine in Tasmania.

COMPANY RESULTS IN BRIEF

Bowater net income falls to $7.1m as sales slacken

BOWATER, the largest producer of newsprint in the US, reported third-quarter net income of $7.1m, or 17 cents a share, on sales of $312m. This was substantially below third-quarter 1990 net income of $23.7m, or 63 cents, on sales of $346.6m.

For the nine months to September 28, net income was $44m, or $1.14 a share, on sales of $962.6m. In the same period last year, net income was $60.1m, or $1.57, on sales of $1.03bn.

● Reebok, the sports shoe maker, announced third-quarter net income of $66.2m, or 71 cents a share, compared with $41m, or 36 cents, in the year-earlier period. Sales for the period were $764.3m, against $588.9m for the third-quarter last year.

For the first nine months, net income was $185m, or $1.82 a share, with sales of $2.1bn. For the comparative period of last year, net income was $137.1m, or $1.20, on sales of $1.7bn.

● MCI Communications, the second-largest long-distance carrier, reported third-quarter net income of $133m, or 51 cents a share, against a net loss of $168m, or 69 cents, in the 1990 period. Revenue grew to $2.15bn from $2.00bn in the same period last year.

For the nine months to end-September, net income was $407m, or $1.48 a share, significantly higher than last year's net income of $172m, or 59 cents. Revenue increased 10.5 per cent to $6.3bn, from $5.7bn a year ago.

● Lockheed, one of the largest US defence contractors, posted third-quarter net earnings of $81m, or $1.28 a share, on sales of $2.4bn. This compares with net earnings of $86m, or $1.36, on sales of $2.3bn in the same period last year.

For the first nine months of 1991, net earnings were $205m, or $3.23 a share, on sales of $7.1bn, compared with earnings of $236m, or $3.73, on sales of $7bn in the corresponding period of 1990.

Funded sign-ups of new and follow-on orders during the first nine months of 1991 totaled $6.2bn. Funded backlog was $6.8bn on September 30, while total backlog, which includes unfunded programmes under contract with US and foreign governments totaled $15.7bn.

Compiled by Rivka Nachoma in New York

ergo
East Rand Gold and Uranium Company Limited

Elandsrand Gold Mining Company Limited

FREEGOLD
Free State Consolidated Gold Mines Limited

OFSIL
Orange Free State Investments Limited

SALIES
The South African Land & Exploration Company Limited

Vaal Reefs Exploration and Mining Company Limited

WELKOM
Welkom Gold Holdings Limited

Western Deep Levels Limited

Improvement in Results sustained

Abridged quarterly and interim reports – Dividend declarations

Abridged reports for the quarter ended September 30 1991

Freegold

Issued Capital in shares of 50 cents each: 116 179 121 ordinary and 1 559 093 S ordinary shares.

The following are the results of the company and its wholly-owned operating subsidiary, Free State Consolidated Gold Mines (Operations) Limited.

	Quarter ended Sept 1991	Quarter ended June 1991	Six months ended Sept. 1991
Gold			
Area mined – m²000	966	972	1 938
Tons milled 000	6 655	6 677	13 332
Yield – g/t	4.24	4.16	4.20
Production – kg	28 185	27 789	55 974
Cost – R/ton milled	124.01	119.79	121.90
– R/kg produced	29 282	28 782	29 034
Price received on gold sales – R/kg	33 778	32 967	33 338
Metallurgical Scheme			
Slimes treated – tons 000	2 992	2 992	5 984
Gold produced – kg	703	345	1 048
Acid produced – tons	102 561	54 209	156 770
	R million	R million	R million
Turnover	960.7	939.3	1 900.0
Profit before taxation	131.0	132.2	263.2
Provision for taxation	12.0	17.0	29.0
Profit after taxation	119.0	115.2	234.2
Appropriation for capital expenditure after loan finance	50.2	59.4	109.6
Profit available	68.8	55.8	124.6
Interim dividend			123.6
Increase in retained profit			1.0
Earnings per share – cents	59	47	106
Capital expenditure – R million	49.1	52.7	101.8

Note:
Orders placed and outstanding on capital contracts as at September 30 1991 totalled R21.6 million.

Ergo

Issued Capital in shares of 50 cents each: 42 078 712 ordinary and 5 001 803 S ordinary shares.

	Quarter ended Sept. 1991	Quarter ended June 1991	Six months ended Sept. 1991
Material treated – tons 000	9 992	9 862	19 854
Gold production – kg	2 794	2 701	5 495
Uranium production – kg	2 372	–	2 372
Acid production – tons	41 311	41 108	82 419
Price received on gold sales – R/kg	34 202	32 706	33 399
	R000	R000	R000
Turnover	103 127	96 654	199 781
Profit before taxation	19 452	13 258	32 710
Ergo division	9 906	5 521	15 427
Daggafontein division	8 651	8 121	16 772
Simmergo division	895	(384)	511
Provision for taxation	249	979	1 228
Profit after taxation	19 203	12 279	31 482
Appropriation for capital expenditure	15 021	5 877	20 898
Profit available	4 182	6 402	10 584
Interim dividend			10 016
Increase in retained profit			568
Earnings per share – cents	8	13	21
Capital expenditure – R000	13 827	5 705	19 532

Notes:
1. Sufficient material has been acquired to continue operations at the Simmergo Plant until at least the end of 1991. Efforts continue to acquire additional material to keep the plant operational until June 1992 when, in terms of the agreement with The Simmer and Jack Mines Limited Group, operations must cease. Some of the facilities at the Simmergo Plant will be used for the pumping of material to the Ergo Plant for treatment and it is anticipated that pumping will start in the second half of 1992.
2. Orders placed and outstanding on capital contracts as at September 30 1991 totalled R20 271 000.

Vaal Reefs

Issued Capital in shares of 50 cents each: 19 000 000 ordinary and 113 623 S ordinary shares.

	Quarter ended Sept 1991	Quarter ended June 1991	Nine months ended Sept 1991
Gold			
Area mined – m²000	474	456	1 407
Tons milled 000	2 860	2 861	8 524
Yield – g/t	6.44	6.40	6.50
Production – kg	18 411	18 324	55 465
Cost – R/ton milled	158.53	159.83	161.10
– R/kg produced	24 626	24 951	24 788
Price received on gold sales – R/kg	33 891	32 820	32 788
Uranium oxide			
Tons treated 000	1 378	1 263	3 856
Yield – kg/t	0.21	0.21	0.21
Production – kg	286 970	266 600	805 370
	R million	*R million*	*R million*
Turnover	656.6	641.7	1 914.6
Profit before taxation	148.3	144.0	413.6
Provision for taxation	29.6	15.9	51.7
Profit after taxation	118.7	128.1	361.9
Appropriation for capital expenditure	69.0	86.6	229.1
Profit available	49.7	41.5	132.8
Dividends – Interim of 435 cents per share paid on September 13 1991			83.1
Increase in retained profit			49.7
Earnings per share – cents	260	217	695
Capital expenditure – R million	62.9	79.2	214.3

Notes:
1. Capital expenditure is forecast to reach R310 million for the year, assuming current production and price trends are maintained. This exceeds the R276 million advised in the annual report.
2. Following the curtailment of underground mining operations in the Afrikander Lease area, alternative means of exploiting underground reserves were evaluated. A contractor has been appointed to mine underground ore in a limited portion of the lease area and on a restricted tonnage basis.
3. The previous quarter's results include a half-yearly dividend from Southvaal Holdings Limited and are therefore not directly comparable with this quarter.
4. Orders placed and outstanding on capital contracts as at September 30 1991 totalled R72.5 million.

Elandsrand

Issued Capital in shares of 20 cents each: 96 619 825 ordinary and 355 643 S ordinary shares.

	Quarter ended Sept. 1991	Quarter ended June 1991	Nine months ended Sept. 1991
Area mined – m²000	113	105	321
Tons milled 000	547	587	1 687
Yield – g/t	6.63	6.42	6.54
Production – kg	3 627	3 769	11 033
Cost – R/ton milled	162.89	143.10	151.75
– R/kg produced	24 566	22 286	23 204
Price received on gold sales – R/kg	33 931	32 902	32 805
	R000	R000	R000
Turnover	122 180	125 827	362 638
Profit before taxation	32 949	41 229	105 248
Provision for taxation	458	299	953
Profit after taxation	32 491	40 930	104 295
Appropriation for capital expenditure	26 065	35 220	82 685
Profit available	6 426	5 710	21 610
Dividend – Interim of 15 cents per share paid on September 13 1991			14 546
Increase in retained profit			7 064
Earnings per share – cents			
– before appropriation for capital expenditure	34	42	108
– after appropriation for capital expenditure	7	6	22
Capital expenditure – R000	32 229	33 693	90 217

Note:
Orders placed and outstanding on capital contracts as at September 30 1991 totalled R9 643 000.

S.A. Land

Issued Capital in shares of 35 cents each: 9 182 700 ordinary and 131 432 S ordinary shares.

	Quarter ended *Sept. 1991*	Quarter ended *June 1991*	Nine months ended *Sept. 1991*
Tons milled 000	499	568	1 641
Yield – g/t	0.82	0.67	0.71
Production – kg	409	382	1 173

***S.A. Land** – continued*

	Quarter ended Sept. 1991	Quarter ended June 1991	Nine months ended Sept 1991
Production, transport and screening costs			
– R/ton milled	23.32	21.15	21.31
– R/kg produced	28 452	31 450	29 807
Price received on gold sales. – R/kg	34 057	33 433	33 027
	R000	*R000*	*R000*
Turnover	13 832	12 967	38 856
Profit before taxation	875	584	2 008
Provision for taxation	54	86	258
Profit after taxation	821	498	1 750
Appropriation for capital expenditure	(25)	9	(44)
Profit available	846	489	1 794
Dividend – Interim of 10 cents per share paid on September 13 1991			931
Increase in retained profit			863
Earnings per share – cents	9	5	19
Capital expenditure – R000	(26)	12	10

Notes:
1. The pumping of water and the mining of the shaft pillar, as mentioned in the previous quarterly report, stopped on cessation of the State subsidy. All equipment that could be recovered from underground operations has been brought to surface and the shaft allowed to flood.
2. There were no orders placed or outstanding on capital contracts as at September 30 1991.

Western Deep Levels

Issued Capital in shares of R2 each: 27 194 115 ordinary and 517 963 S ordinary shares.

	Quarter ended Sept. 1991	Quarter ended June 1991	Nine months ended Sept. 1991
Area mined – m²000	245	242	707
Tons milled 000	1 675	1 700	4 969
Yield – g/t	6.21	6.14	6.25
Production – kg	10 404	10 430	31 049
Cost – R/ton milled	146.87	138.16	144.09
– R/kg produced	23 646	22 519	23 059
Price received on gold sales – R/kg	33 896	33 007	32 980
	R million	R million	R million
Turnover	354.9	351.0	1031.1
Profit before taxation	117.8	120.7	332.1
Provision for taxation	24.0	24.2	58.7
Profit after taxation	93.8	96.5	273.4
Appropriation for capital expenditure	61.5	66.4	190.9
Profit available	32.3	30.1	82.5
Dividend – interim of 180 cents per share paid on September 13 1991			49.9
Increase in retained profit			32.6
Earnings per share – cents	117	108	298
Capital expenditure – R million	*61.6*	*60.7*	185.3

Note:
Orders placed and outstanding on capital contracts as at September 30 1991 totalled R27.1 million.

Abridged interim report for the six months ended 30 September 1991

Welkom

Issued Capital: 35 350 937 ordinary shares of 50 cents each.

	Six months ended Sept. 30 1991	Six months ended Sept. 30 1990	Year ended March 31 1991 (Audited)
	R000	R000	R000
Income from listed investments	25 048	13 156	33 421
Profit before taxation	24 802	12 884	32 982
Taxation	12	8	22
Profit after taxation	24 790	12 876	32 960
Dividends – interim of 70 (Sept. 30 1990: 36) cents per share	24 746	12 726	12 726
– final of 57 cents per share paid on June 14 1991	–	–	20 150
	24 746	12 726	32 876

***Welkom** – continued*

	Six months ended Sept. 30 1991	Six months ended Sept. 30 1990	Year ended March 31 1991 (Audited)
	R000	R000	R000
Increase in retained profit	44	150	84
Earnings per share – cents	70	36	93

Ofsil

Issued Capital: 22 514 094 ordinary shares of 1 cent each.

	Six months ended Sept. 30 1991	Six months ended Sept. 30 1990	Year ended March 31 1991 (Audited)
	R 000	R 000	R 000
Income from listed investment	61.7	32.3	82.3
Profit before taxation	61.3	32.1	81.9
Taxation	–	–	0.1
Profit after taxation	61.3	32.1	81.8
Dividends – interim of 272 (September 30 1990: 143) cents per share	61.2	32.2	32.2
– final of 220 cents per share paid on June 14 1991	–	–	49.5
	61.2	32.2	81.7
Increase/(decrease) in retained profit	0.1	(0.1)	0.1
Earnings per share – cents	272	143	363

Dividend declarations

Dividend declarations

Interim *dividends for the year ending March 31 1992* have been declared payable on or about Friday, December 13 1991 to shareholders of the following companies registered at the close of business on Friday, November 8 1991, and to holders of share warrants to bearer issued by Freegold and Ofsil:

Company	*Dividend number*	*Cents per share*
Ergo	26	20
Freegold	73	105
Ofsil	12	272
Welkom	69	70

The transfer registers and registers of members will be closed from *Saturday, November 9 to Saturday, November 23 1991 both days* inclusive. The full conditions relating to the dividends, including those payable to the holders of share warrants to bearer issued by Freegold and Ofsil upon presentation of coupons marked "South Africa" and No. 12 on the side reflecting the share warrant number, may be inspected at the registered and London offices of the companies and the transfer secretaries.

By order of the boards
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per C.R. Bull
Senior Divisional Secretary

October 17 1991

Notes
1. Unless otherwise stated all results are unaudited.
2. All companies are incorporated in the Republic of South Africa.
3. The unabridged reports will be posted on or about Wednesday, October 23 1991 and copies are available from the Transfer Secretaries and registered and London offices.

TRANSFER SECRETARIES
Consolidated Share Registrars Limited
First Floor, Edura
40 Commissioner Street
Johannesburg 2001
(PO Box 61051,
Marshalltown 2107)

Barclays Registrars Limited
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

REGISTERED OFFICES
44 Main Street
Johannesburg 2001
(PO Box 61587,
Marshalltown 2107)

LONDON OFFICES
40 Holborn Viaduct
London EC1P 1AJ

Johannesburg
October 17 1991

**The unabridged reports will be posted to members, debenture and option holders, and to persons on the mailing lists.
Copies of the unabridged reports are available from the Transfer Secretaries and the Head and London offices.**

AAC

INTERNATIONAL COMPANIES AND FINANCE

Flotation plans for Fairfax leaked

By Kevin Brown in Canberra

THE BIDDING race for Australia's Fairfax newspaper group was complicated yesterday by the leaking of details of plans for a flotation drawn up by CS First Boston, the US-owned merchant bank.

The proposal is believed to put a value of about A$1.5bn (US$1.2bn) on Fairfax, compared with valuations of about A$1.3bn in offers tabled earlier this week by three consortia formed to bid for the group.

It would also increase the proportion of fresh equity raised for Fairfax, and reduce the level of continued debt financing required from Citibank and the ANZ Bank, the group's major creditors.

Fairfax was put into receivership in December after failing to pay interest on debts of A$1.3bn to the banks and about US$450m in junk bonds owned by US investors. The group is Australia's second largest newspaper publisher. It owns the Sydney Morning Herald, the Australian Financial Review, The Age, in Melbourne, magazines and provincial newspapers.

The CS First Boston proposal emerged in outline several months ago as one of several other structures for a flotation put to Mr Mark Burrows, the merchant banker advising the banks on the sale of the group.

Some analysts said the leaking of details could be an attempt to increase the price of the Fairfax group by reminding the bidders that the option of a flotation remains open to Mr Des Nicholl, the receiver.

Others said it could indicate that a flotation is being considered more seriously because of political opposition to the involvement of Mr Kerry Packer, the Australian media proprietor, in Tourang, the consortium which has emerged as favourite to acquire Fairfax.

Mr Packer has a 14.9 per cent stake in Tourang, which is 20 per cent owned by Mr Conrad Black, the Canadian owner of the Daily Telegraph group in the UK. The other major investor is Hellman and Friedman, the US investment bank, which owns 10 per cent.

Tourang is believed to have tabled the most attractive bid for Fairfax, but has been criticised by journalists and MPs of both main parties who say it would increase the concentration of ownership of the Australian media.

The bid was strongly opposed earlier this week in a letter signed by senior public figures, including former Prime Ministers Mr Gough Whitlam and Mr Malcolm Fraser.

Tourang also has management difficulties because of the resignation of Mr Trevor Kennedy, formerly managing director, after criticism of his links with Mr Packer. Mr Kennedy was formerly chief executive of Consolidated Press Holdings, Mr Packer's privately-owned master company, which controls a television network and is Australia's biggest magazine publisher.

The other bidders for Fairfax are Australian Provincial Newspapers, controlled by Dr Tony O'Reilly, the Irish newspaper proprietor who is also chairman of Heinz, the US food group, and Australian Independent Newspapers, which represents a group of about 30 Australian financial institutions.

South Korean car sales to US fall 20%

By John Ridding in Seoul

SOUTH KOREAN car manufacturers have seen sales in the US, their biggest export market, fall by more than 20 per cent this year, according to a report by the Korea Automobile Manufacturers Association.

However, the sharp decline in the US has been compensated by increased exports to new markets, in particular, south-east Asia, Europe and the Middle East.

In the first seven months of the year combined US sales of the Korean automobile manufacturers totalled 112,330 units, a fall of 20.3 per cent over the same period last year. Combined market share, which peaked at 3.75 per cent in 1988, fell from 2.48 to 2.27 per cent.

The setback was blamed on rising labour costs in Korea, a consequent reduction in price competitiveness and the general weakness of the US market. Failure to introduce new models in line with consumer tastes was cited as an additional factor.

Overall exports, however, have seen healthy gains. In the first seven months they amounted to 190,209 units, an increase of 23 per cent over the comparable period. The increase reflects successful attempts by the Korean manufacturers to diversify away from the US market.

In the US, Hyundai, the largest Korean car manufacturer, suffered a 15 per cent fall in sales from 80,524 units to 68,446 units. Its share of the total market fell from 1.42 per cent to 1.38 per cent.

Hyundai said that it expected a recovery towards the end of the year following the launch this month of the Elantra, a mid-sized saloon.

The sharpest decline was suffered by Kia, Korea's second largest manufacturer. Sales during the period fell by more than one third from 34,766 units to 22,146 units. The decline was attributed to a strike and to a peaking in demand for the Pride, the company's successful small car.

Daewoo Motors, a 50-50 joint venture with General Motors of the US, saw sales decline by 15.3 per cent to 21,738 units.

Anglo American climbs 16%

By Philip Gawith in Johannesburg

CONTROL of costs and a firmer gold price helped the gold mines in the Anglo American group, the world's largest producer, lift profits after tax and capital expenditure 16 per cent to R139.9m ($49.3m) in the September quarter.

Gold production rose to 63,830kg from 63,395kg. Unit costs rose 2 per cent to R26,612 per kg gold produced. The average rand gold price received in the quarter was up 3 per cent at R33,860 per kg.

Freegold, the umbrella company for the group's Free State operations increased available profit by 23 per cent to R68.8m. This was achieved by lifting gold production to 28,185kg from 27,789kg and a higher gold price. Unit costs were 2 per cent higher at R29,282 per kg. Mr Lionel Hewitt, managing director of the gold and uranium division, said he expected Freegold's costs in the year to March to be flat.

Vaal Reefs boosted production slightly to 18,411kg from 18,324kg, but the firmer price and a 1 per cent decline in unit costs, to R24,626 per kg saw available profits rise by 20 per cent to R49.7m. Large shifts in taxation and capital expenditure offset each other.

Western Deep Levels failed to sustain the exceptional performance of the previous quarter, but available profit rose 7 per cent, to R32.3m on a slightly lower gold production of 10,404kg. Total costs on the mine were 6 per cent below last year's figure.

At the operating level Elandsrand's gold production dropped to 3,627kg from 3,769kg, but lower appropriations for capital expenditure boosted available profits 6 per cent to R6.4m.

At Ergo, the dump treatment operation, gold produced rose to 2,794kg from 2,701kg, but available profit was 35 per cent lower at R4.2m because of higher expenditure required for pumping facilities to treat recently acquired slimes dams.

INCREASED interest earnings and improved industrial activities allowed Anglovaal, the South African mining, industrial and financial conglomerate, to overcome the weak performance of its mining interests and record increased earnings in the year to June, writes Philip Gawith.

Turnover rose to R7.7bn ($2.7bn) from R6.7bn, and attributable earnings rose 18 per cent to R280m, compared with an estimated figure of R267m the group released in early June. Earnings per share, however, fell 9 per cent to 470 cents per share because of a 33 per cent increase in share capital after a rights issue last year. The dividend was maintained at 92 cents per share.

Most of group earnings, 25 per cent, came from interest, earned on the proceeds of the rights issue, and other financial services. Mining and minerals accounted for 21 per cent of group income, compared with 36 per cent in 1990, reflecting continued weakness in world commodity markets.

Wharf to buy control of HK hotel chain

By Angus Foster in Hong Kong

WHARF Holdings, the Hong Kong properties to infrastructure group brought to prominence by the late Sir Yue-kong Pao, says it is to buy a controlling interest in Regent International Hotels, a luxury hotel chain based in the colony.

Wharf said it is buying the 65 per cent stake in the company held by its founder Mr Robert Burns. No terms have been announced and the acquisition is subject to a number of unspecified conditions.

Wharf has steadily moved into the hotel business since it and its parent World International bought Omni Hotels from Aer Lingus in 1988. Wharf now owns 100 per cent of Omni and is looking for new sites in Asia.

Regent's flagship hotel is in Hong Kong where it owns a prime harbour front property. The group also manages or owns hotels in Asia and North America.

Modest rise for Japanese supermarkets

By Robert Thomson in Tokyo

TWO LEADING Japanese supermarket chains yesterday reported modest increases in first-half profits, but indicated that capital spending would remain high in expectation of growth in personal consumption regardless of signs of slowing economic growth.

Over the last four years, retail sales in Japan have risen by an annual average of 6.1 per cent, compared with the 2.7 per cent increase in the period from 1983 to 1986, and recent indications of slowing store sales have raised doubts about consumer spending in the coming year.

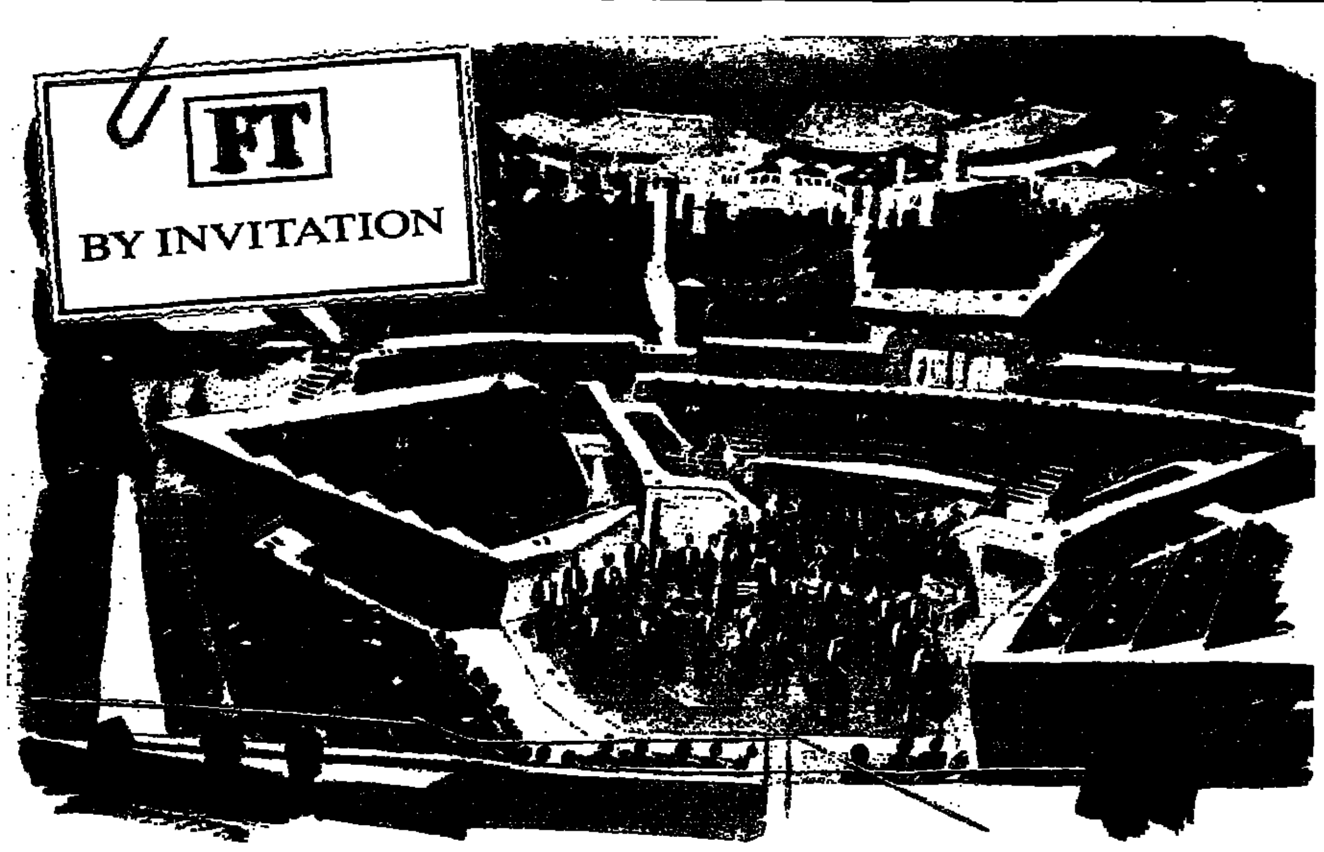
Japanese supermarket operators, however, are generally confident that personal consumption will remain high, and that any downturn in sales will be most obvious at the super-luxury end of the retail market, for example in art works.

Ito-Yokado reported a 10.9 per cent increase in pre-tax profit to Y48.67bn ($374.2m) for the six months to end-August on an 8 per cent increase in sales to Y717.15bn, with a 9.7 per cent increase in food sales and a 7.2 per cent increase in clothing sales.

Consolidated pre-tax profits rose 9.5 per cent to Y110.7bn on sales of Y1,368bn, a 53 per cent rise. For the full year, Ito-Yokado expects its non-consolidated pre-tax profit to be 8.1 per cent higher at Y96bn, with sales 5.7 per cent higher at Y1,432bn.

Daiei reported a 4.2 per cent rise in pre-tax profit for the first half, to Y12.5bn on a 10.1 per cent increase in sales to Y992.4bn, which were pushed higher by the inclusion of a new subsidiary during the period. Food sales rose 12.2 per cent and clothing and sundry sales were 11.4 per cent higher.

For the year to end-February, the company expects a 9.7 per cent increase in sales to Y2,020bn, and a 3.1 per cent increase in pre-tax profit at Y27.5bn.



INTERNATIONAL CAPITAL MARKETS

Traders in Milan vote to lift stoppage

By Halg Simonian in Milan

STRIKING floor traders at the Milan Stock Exchange, who have suspended work since last Friday, voted yesterday morning to return to work, at least temporarily.

The decision, which came at a meeting held outside the bourse before the official start of trading, was virtually unanimous. It followed a recommendation on Wednesday night by representatives of the national floor traders' association to suspend the stoppage.

Floor traders' representatives had earlier in the day met officials from Consob, Italy's companies and stock-markets watchdog, and were given some reassurances on their grievances.

However, late last night the exchanges at Rome, Naples and Turin said in a joint statement that they disagreed with the vote to end the four-day strike, because there was a "lack of guarantees by the government."

Consob has agreed that a study should be conducted to see how many floor traders have received redundancy notices as a result of impending bourse reforms and has promised to enforce rules on the re-employment of traders where appropriate.

The return to work also followed growing rifts among the floor traders, many of whom recognised that a long strike could be self-defeating. Others were influenced by the decision by stockbrokers, who employ the floor traders, to keep the bourse running on Wednesday in order to close the October trading account normally.

Although the strike is over, the traders have reserved the option to stop work again. According to their leaders, Consob also provided some support for new measures to improve the standing of the equity markets, such as new laws on pension funds and for minority shareholders in take-over bids.

CME wins S&P MidCap 400 index

By Barbara Durr in Chicago

THE Chicago Mercantile Exchange yesterday reached an accord with Standard & Poor's for an exclusive licensing agreement that will allow the CME to trade a futures contract and futures-options on the new S&P MidCap 400 index.

The S&P MidCap 400 is the proprietary index introduced on June 19 by S&P. It comprises 400 companies with a median market capitalisation of about $706m and a total market value of about $388bn.

The total return on the MidCap index until September 30 was 33.67 per cent, against the broader S&P 500 index's total return of 20.67 per cent.

The futures contract is designed primarily to be a hedging instrument for institutional investors with equity investments in mid-sized companies.

The CME, which is home to futures on the S&P 500 index, the most widely traded stock index contract in the world, said it would file immediately for approval from the Commodity Futures Trading Commission to trade the new products. It plans to begin trading the MidCap futures and futures-options in early 1992.

The contracts will be structured similarly to the S&P 500 index futures, with quarterly expirations and cash settlement.

Bear Stearns climbs 161% in first quarter

BEAR Stearns, the Wall Street securities house, yesterday turned in first-quarter net earnings 161 per cent above last year's figures, but below analysts' expectations, writes Karen Zagor.

Net income for the three months ended September 27 was $47.1m or 46 cents a share, against $18m or 16 cents a year earlier. Revenues, net of expenses, grew 38 per cent to $353.2m from $256.6m.

Bear Stearns, along with the big US broking houses, has benefited from lower interest rates and increased investor participation in securities markets.

Bear Stearns' revenues from principal transactions more than doubled to $178.1m from $85.5m, led by strong contributions from its mortgage-backed securities operations which reported a record quarter.

Investment banking revenues rose 23 per cent to $57m from $46.5m, thanks to increased underwriting activity.

Treasuries fall steeply as September inflation surges

By Karen Zagor in New York and Sara Webb in London

DISMAY over an unexpectedly strong consumer price index figure for September, which dimmed the prospects of an imminent easing of monetary policy, prompted a sell-off in the US bond market yesterday.

In afternoon trading, the Treasury bellwether 30-year bond was 1 1/32 lower at 101 11/32, yielding 7.99 per cent. Losses were less extreme at the short end of the yield curve, where the two-year note was only ⅛ lower, yielding 5.92 per cent.

After the news of a strong rise in September's CPI, long bonds tumbled, pushing yields up towards the 8 per cent level. September consumer prices rose 0.4 per cent, double the expected 0.2 per cent.

A second blow was struck by initial jobless claims, which fell 13,000 to 423,000 in the week ended October 5. A rise of 2,000 had been widely expected.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	112.6708	+0.065	9.98	10.12	10.65
BELGIUM		9.000	06/01	99.6000	-0.050	9.05	9.09	9.18
CANADA *		9.750	12/01	104.3000	-0.200	9.09	9.17	9.40
DENMARK		9.000	11/00	100.6250	+0.050	8.80	8.85	9.11
FRANCE	BTAN	8.500	11/96	98.4935	-0.077	8.87	8.97	9.05
	OAT	9.500	01/01	104.6900	-0.070	8.73	8.81	8.88
GERMANY		8.750	08/01	103.1000	+0.020	8.28	8.27	8.40
ITALY		12.500	03/01	100.8300	+0.080	12.72	12.86	13.06
JAPAN	No 119	4.800	06/99	92.8615	+0.302	6.17	6.34	6.46
	No 129	6.400	03/00	103.1918	+0.406	5.80	6.02	6.12
NETHERLANDS		8.500	03/01	98.7100	-0.050	8.69	8.69	8.78
SPAIN		11.900	07/96	101.2000	-0.180	11.50	11.57	11.44
UK GILTS		10.000	11/96	100-31	+3/32	9.76	9.81	9.65
		10.000	02/01	101-06	-3/32	9.80	9.78	9.60
		9.000	10/08	95-10	-3/32	9.56	9.58	9.40
US TREASURY *		7.875	08/01	102-13	-16/32	7.52	7.56	7.64
		8.125	08/21	101-24	-33/32	7.87	7.97	7.94

London closing, *New York morning session. Prices: US, UK in 32nds, others in decimal. Yields: Local market standard. Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

Both these figures dampened expectations that interest rates would be eased in the near-term.

This appeared to be borne out by the Federal Reserve's lack of open market intervention yesterday morning, which was seen as a sign that monetary policy is on hold. Fed funds, which were trading at 5⅛ per cent during the Fed's usual intervention period, were quoted at 5¼ per cent in late trading.

■ JAPANESE government bonds climbed to new highs on renewed speculation that the Bank of Japan would cut the official discount rate, following a fall in short-term interest rates.

The yield on the benchmark No 129 moved from its opening of 5.9 per cent to close at 5.81 per cent in Tokyo, before trading at 5.805 per cent in the London session. The December futures contract ended 0.41 higher at 100.25, the high of the day. The overnight unsecured call money rate slipped to 6.75 per cent while the three-month certificate of deposit rate fell to 6.5 per cent.

■ FRENCH government bonds slipped on profit-taking, following the Bank of France's long-awaited cut in the intervention rate to 8.75 per cent from 9 per cent yesterday.

The key 9.5 per cent ten-year government bond ended at 104.65 to yield 8.73 per cent against 8.72 per cent at Wednesday's close. The December bond future closed at 107.42, down 12 basis points.

The cut in the intervention rate prompted some switching out of French government bonds into high-yielding government bond markets such as Spain, Italy and Denmark.

Elsewhere in Europe, German government bonds traded in a narrow range. Traders said buying interest was weak. The Liffe bund future contract traded at 86.32 by late afternoon, slightly up on Wednesday's close of 86.25.

■ DISAPPOINTING economic data in the UK and the US depressed UK government bond prices. The market closed slightly lower on the day after making up for some of its earlier losses.

UK average earnings in the year to August rose 7.75 per cent. This was the same as the revised figure for the previous month (which was the lowest for over four years) but was still higher than had been forecast.

The unemployment data and unit wage costs were seen as more positive for the gilt market, traders said. Unemployment rose by 35,700 in September, while the three-month average of manufacturing unit labour costs rose by 7.8 per cent from a year before.

The fall in the US Treasury bond market also helped to depress gilt prices and the benchmark 11¾ per cent gilt due 2003/07 fell from its opening of 113⅛ to trade at 112 23/32 by late afternoon.

Nobel Industries fined SKr2.1m

THE STOCKHOLM bourse yesterday imposed a SKr2.1m ($323,000) fine, one of the largest penalties in its history, on Nobel Industries for its failure earlier this year to disclose fully the possible financial consequences of its involvement in Gamlestaden, its finance company subsidiary, writes John Burton in Stockholm.

A loan guarantee made by Nobel last autumn to secure bank lending to Gamlestaden subsequently threatened to bankrupt the chemicals and defence group and led to its takeover by a consortium of Swedish banks in August.

Nobel did not inform the bourse about the loan guarantee as Gamlestaden's credit losses mounted during the first half of 1991, nor the possible financial effects these developments would have on Nobel.

Instead, it issued "a quite reassuring message about Gamlestaden's future" on July 1, according to thebourse.

Swedish banks claimed Nobel was unable to fulfil the loan guarantee to Gamlestaden this summer without risking bankruptcy.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on October 17

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	103½	103½		
ALBERTA PROVINCE 9 3/8 95	600	107¼	107⅝		
AUSTRIA 8 1/2 00	400	102⅞	103¼		
BANK OF TOKYO 8 3/8 96	100	102¼	102⅝		
BELGIUM 9 5/8 98	250	108¾	109¼		
BFCE 7 3/4 97	150	101	101¼		
BNP 8 5/8 94	300	104½	104⅞		
BP CAPITAL 9 5/8 93	150	103½	104¼		
CANADA 9 96	1000	106¼	106⅞		
CARCO 9 1/4 96	650	102⅞	103⅜		
CCCE 9 1/4 95	300	106½	106⅞		
COUNCIL EUROPE 8 96	100	102¼	102¼		
CREDIT FONCIER 9 1/2 99	300	108¾	109		

INTERNATIONAL CAPITAL MARKETS

Timetable for introduction of Taurus revealed

By Simon London

THE London Stock Exchange yesterday unveiled a new timetable for the introduction of Taurus, the paperless settlement for the London equity market, which envisages full introduction in April 1993 – eighteen months later than originally planned.

Mr Peter Rawlins, chief executive, said the new timetable was "a disappointing blow to our aspirations".

Taurus was originally due to be introduced this month, although the target date was later postponed to May next year. Securities had been working towards this deadline in the development of their own systems.

In August the exchange admitted that this second deadline would be also missed.

Mr Rawlins said the delay would cost the stock exchange £15m, in addition to the original £50m cost of the project. He did not envisage any increase in the charges which will be made to users of the system as a result of the delay.

The new timetable could also postpone the removal of stamp duty on equity transactions, which the government has pledged to repeal when Taurus comes into effect.

However, the new timetable was welcomed as realistic and achievable by market participants. It includes longer periods for software development and, importantly, testing of the system before it comes into use. Many firms had feared that the old timetable left insufficient time for such testing.

The new timetable follows a thorough review of the development process involving the two outside sub-contractors working on the project – IBM and Vista – and consultation with securities firms.

It envisages agreement of regulations for the new system with the Department of Trade and Industry by next month. This is essential before the final specifications of the system can be published. Full testing will begin in November next year, four months before the date set for final introduction.

Next month the exchange will publish detailed proposals covering the introduction of the system and transition to rolling settlement, which lead away from the current peaks of settlement activity after each fortnightly trading "account" period.

Liffe raises £2.62m through rights issue

By Tracy Corrigan

THE London International Financial Futures Exchange (Liffe), has raised £2.625m through its rights issue, designed to increase the exchange's options trading capacity. The issue was oversubscribed by 26 per cent when it closed on Wednesday. The rights issue allowed members holding "B" shares, which are needed to trade the exchange's financial options contracts, to apply for 175 new "B" shares at £15,000 each. Holders of "A" and "C" shares are entitled to trade futures contracts.

The success of Liffe's options this year, with volume up nearly 30 per cent on 1990, has helped fuel banks' enthusiasm for the business. Liffe offers options on gilt, Bund, Treasury, short sterling, Euromark and Eurodollar future contracts.

"The increase in trading capacity afforded by the rights issue, together with the expanded and improved trading facilities available when the exchange moves to Cannon Bridge (its new London headquarters from the end of the year)... will enable members to build on the current momentum," said Mr Michael Jenkins, Liffe's chief executive.

European Bourse Reform: Taking steps to improve efficiency in the securities markets

Swiss exchanges gripped by sense of urgency

Belatedly, the Swiss have become very earnest about reforming their stock exchanges, even if recently they may have given the impression of stumbling over their own feet.

Parliament's decision, reached after years of wrangling, to ease the stamp duty on securities transactions is now to be put to a national referendum at the instigation of the socialist party and the trade unions; and work on a nationwide electronic bourse has been delayed by problems over equipment, cost escalation and differences over how to introduce trading in shares.

However, over the last three years the Swiss financial community has developed a sense of urgency about the need to reform outdated stock exchange structures and practices. In retrospect, the world stock market crash of 1987 will probably be seen as marking a watershed. Until then modernisation had been snail-like. The big three banks – Union Bank of Switzerland, Swiss Bank Corporation and Credit Suisse – which dominate the bank-controlled bourses, had debated but shirked action on the web of price cartels, restrictive practices and local political interests that supported seven stock exchanges in a country of 6.7m people.

Reform gathered momentum after the Swiss exchanges had been harshly criticised in 1987 by foreign (and some domestic) investors, who claimed they had been unable to sell their Swiss holdings fast enough. Initial charges about insufficient liquidity developed into general disparagement of the bourses' lack of transparency and high trading costs, Swiss companies' shareholding restrictions and the carapace of regulations which shielded Swiss multinationals from foreign takeovers as they went about buying companies abroad.

Stung, the banks, the cartel commission, the government and ultimately the federal parliament have since joined in a scramble to improve the efficiency and standing of the Swiss securities market. Other powerful stimuli have been the growing share of business in Swiss stocks done on London's international stock exchange SEAQ – between 15 and 20 per cent of trading in the leading shares, according to estimates – and the need to match the movement towards internationally open equity markets within the European Community.

To start with, the bourses improved their service by extending and co-ordinating trading hours, increasing the number of trading rings, installing real-time information systems and introducing permanent trading in the leading stocks.

A derivatives market has been introduced. Soffex, the Swiss options and financial futures exchange, has been operating as a fully-automatic trading system for the past three years. It recorded an increase of 47 per cent in the volume of trading last year and a link with DTB, the German options exchange, has been under discussion.

Fragmentation of the market is being dealt with. The number of Swiss bourses is being reduced from seven to three – Zurich, Geneva and Basle. Zurich, which accounts for around 70 per cent of total Swiss volume, should have its new stock exchange building ready next year. But a question mark hangs over the timing for the introduction of the electronic bourse and the concentration into a single stock exchange.

With the backing of the federal government, the cartel commission has forced the banks to dismantle a whole range of price arrangements, the most dramatic being the abandonment from the beginning of this year of fixed brokerage fees.

Much has been done at the regulatory level since 1987 to boost investors' confidence and meet foreign criticism. A law against insider trading has come into force. And parliament has finally agreed to amend the companies act to provide investors with greater protection.

ZURICH BOURSE		
Listed companies	Swiss 179	Foreign 243
Market capitalisation	SFr238.7bn	
Equities turnover	9 months 1991	9 months 1990
	SFr76.2bn	SFr65.5bn

Provisionally scheduled to become effective in July next year, a new act will reduce from SFr100 to SFr10 the minimum nominal value at which shares can be issued – a move which, it is hoped, will improve the liquidity of Swiss stocks and attract more small investors. The act will compel larger companies to publish consolidated accounts, although it will still allow the formation of hidden reserves. Companies will be obliged to ensure that investors are fully informed of any restrictions on the size of shareholdings. The act also defines for the first time the circumstances in which companies can buy their own shares.

A draft federal law has been drawn up for the stock exchanges which have hitherto largely managed themselves under cantonal laws. Supervision is being transferred to the Federal Banking Commission in Berne which will be responsible for controlling the capital adequacy and operating regulations of the banks' brokerage units. Brokers will have to segregate dealing on their own account from their trading for clients.

Two issues still being vigorously debated concern the degree of self-management to be left to the stock exchanges and regulations for takeovers. Zurich in particular wants the bourse to have the greatest possible flexibility to arrange its own affairs privately.

Self-regulation, the division of responsibility between the supervising authority and the private takeover panel, are also at the core of the debate over rules to govern unfriendly bids for Swiss companies. The draft law sets out a precise procedure, similar to those operative in the UK and US: by comparison the private takeover code recently introduced by the bourses is imprecise. But the banks' main concern at present is that differences over the takeover rules should not delay federal stock exchange law; the banks' want the takeover provisions made the object of separate legislation.

The changes already made or in the pipeline, by no means meet all the complaints voiced about the Swiss stock market. In particular, they will not remove discrimination against foreign shareholders.

Articles on the French, Dutch, Italian, German and Scandinavian bourses appeared on September 26, October 4, October 9, October 10 and October 17.

William Dullforce

Investors show enthusiasm for French franc issues

By Simon London

INTERNATIONAL BONDS

YESTERDAY'S ¼ point cut in French interest rates did nothing to dampen demand by international investors for French franc-denominated Eurobonds.

The bullish sentiment was underlined by the launch of a FFr1bn zero-coupon bond issue by SNCF, the French state rail company. The seven-year bonds were priced at 55.07 per cent of face value, giving a yield of around 15 basis points more than French government securities.

The deal, lead managed by Crédit Commercial de France, was SNCF's first French franc bond issue since the explicit guarantee of the government was withdrawn in January. The company had said that it wanted to diversify funding into other currencies, but it was able to achieve an attractive cost of funds from yesterday's issue.

Deutsche Bank also took advantage of the bullish tone, adding a fungible FFr400m to its outstanding FFr500m 8¾ per cent bond issue maturing 1996. The deal was handled as a block trade by BNP Capital Markets, which reported switching out of Eurodollar bonds.

Nomura followed Wednesday's Y30bn five-year deal for SBAB, the Swedish mortgage funding institution, with a SKr300m five-year deal for Landesbank Schleswig-Holstein. The two deals share a maturity and payments dates, a sign that the issuers had arranged a back-to-back swap of the proceeds of the issues.

Merrill Lynch followed the success of Wednesday's three-year Eurodollar bond issue for Toyota Motor Finance, with a similar deal for itself. However, Merrill is a single-A rated credit, against triple-A for Toyota, and the bonds offered an attractive 105 basis point margin over US Treasury bonds.

Participants reported strong buying from continental European retail accounts, especially in Switzerland, where the firm is well known among private investors.

Siderca, a steel company with annual sales in the region of $450m, became only the second Argentine company to launch a Eurobond issue since the early 1980s.

The company launched a $50m deal with a final maturity date of 1996 but an average life of just three-years. The deal, lead managed by Lehmand Brothers International, pays a semi-annual coupon of 10 per cent but was priced at a discount to yield a hefty 380 basis points more than US Treasuries.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Merrill Lynch & Co.Inc.(a)†	150	7¼	100.685	1994	1¾/1.025	Merrill Lynch
Suzutan Co.(a)Φ	100	4	100	1995	2¼/1½	Nomura Int.
Siderca SAIC(b)†	50	10	98.85	1996	1⅞/1¼	Lehman Bros.
LTCB Int.(c)‡†	50	(c)	100.10	2001	-	LTCB Asia
FRENCH FRANCS						
SNCF(a)†	1bn	zero	55.07	1998	15bp	CCF
Deutsche Bk Fin.NV(d)†	400	8¾	99.071	1996	-	BNP Capital Markets
SWEDISH KRONOR						
LB Schleswig-Holstein Fin.(a)†	300	10¾	101.40	1996	1⅞/1.825	Nomura Int.
LIRE						
Crediop(e)†	300bn	11.2	102½	2001	¾/½	Is.Bco.S'Paolo d'Torino
YEN						
Keihin Elec.Express R'Way(a)†	20bn	6.65	101.40	1999	2/1⅝	Yamaichi Int.

★★Private placement. §Convertible. ΦWith equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Callable from 11/93 at 101% declining ¼% annually. Average life 3 years. Coupon payable semi-annually. c) Callable once, 11/94. Coupon pays 60bp over 6-month Libor for first 3 years, then fixed at 9% thereafter. d) Fungible with existing FFr500m deal. e) Fungible with existing L300bn deal.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday October 17 1991: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Wed Oct 16 Index No.	Tue Oct 15 Index No.	Mon Oct 14 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (182)	826.44	+0.5	9.33	5.87	13.40	30.83	822.01	823.09	825.59	709.43
2	Building Materials (23)	1000.97	+0.8	7.54	6.22	17.43	41.32	993.52	996.74	1004.25	967.86
3	Contracting, Construction (31)	1068.11	+0.7	8.75	6.82	15.62	49.81	1060.48	1075.47	1081.95	1155.77
4	Electricals (11)	2533.95	+0.6	8.62	5.21	14.69	84.23	2517.95	2537.93	2563.31	1867.23
5	Electronics (25)	1761.61	+0.2	10.85	5.41	11.65	50.62	1758.10	1748.55	1748.96	1566.32
6	Engineering-Aerospace (8)	356.71	+0.6	15.60	7.23	7.74	16.48	354.48	355.62	361.01	411.01
7	Engineering-General (43)	489.95	+0.1	9.98	5.18	12.38	16.55	489.53	490.17	489.42	364.57
8	Metals and Metal Forming (9)	437.65	+1.3	15.03	8.10	8.08	17.48	432.22	427.89	432.37	401.57
9	Motors (12)	347.90	......	6.83	6.92	20.04	14.65	347.86	342.21	343.01	271.59
10	Other Industrial Materials (20)	1613.04	+0.6	7.84	5.05	15.16	56.92	1602.72	1609.39	1605.20	1176.42
21	CONSUMER GROUP (189)	1558.01	+0.7	7.34	3.62	16.86	33.59	1546.91	1544.44	1539.13	1198.42
22	Brewers and Distillers (22)	1946.36	+0.7	7.92	3.46	15.37	38.33	1933.58	1931.48	1936.51	1506.30
25	Food Manufacturing (19)	1215.88	+0.8	9.33	4.11	13.24	29.98	1206.37	1205.03	1201.80	1005.42
26	Food Retailing (17)	2485.53	-0.2	8.85	3.70	14.76	50.36	2490.47	2467.73	2463.06	2345.28
27	Health and Household (22)	3746.08	+1.0	5.40	2.53	21.25	61.57	3708.28	3724.43	3697.32	2420.52
29	Hotels and Leisure (24)	1337.38	+1.0	7.62	5.26	16.23	45.61	1323.97	1316.20	1315.79	1201.56
30	Media (26)	1545.42	+0.2	6.96	4.59	18.76	44.30	1541.92	1538.83	1529.49	0.00
31	Packaging, Paper & Printing (17)	761.74	......	7.38	4.29	16.45	22.51	761.82	762.12	757.46	485.57
34	Stores (33)	1014.40	+1.1	7.33	3.66	17.88	19.48	1002.98	996.99	992.07	807.34
35	Textiles (9)	632.67	+0.8	7.31	4.92	17.36	15.49	627.74	626.34	619.11	412.97
40	OTHER GROUPS (109)	1277.28	+0.4	9.41	5.08	13.36	35.79	1272.53	1277.31	1285.45	963.07
41	Business Services (12)	1405.54	......	7.59	4.65	16.38	34.95	1406.25	1401.75	1404.79	0.00
42	Chemicals (21)	1445.86	......	6.97	5.00	17.70	48.39	1445.29	1456.19	1466.21	993.73
43	Conglomerates (10)	1513.45	+0.9	9.56	6.94	12.67	38.76	1500.42	1498.76	1493.48	1324.12
44	Transport (13)	2335.77	+0.7	7.32	4.85	16.91	68.02	2319.27	2330.38	2315.09	1859.43
45	Electricity (16)	1242.92	+1.9	14.13	5.24	9.23	27.53	1219.99	1221.30	1236.20	0.00
46	Telephone Networks (4)	1557.71	-0.5	9.62	3.89	13.60	28.34	1565.52	1575.72	1599.00	1051.90
47	Water (10)	2387.75	+0.6	17.11	6.45	6.47	118.37	2372.45	2384.88	2409.95	1937.63
48	Miscellaneous (23)	1863.85	+0.5	5.30	5.28	26.16	69.91	1854.99	1859.25	1861.01	1475.10
49	INDUSTRIAL GROUP (480)	1288.73	+0.6	8.38	4.52	14.87	34.28	1281.39	1282.28	1283.54	1007.03
51	Oil & Gas (20)	2500.83	+1.0	10.45	5.55	12.65	93.60	2474.96	2441.88	2415.02	2290.67
59	500 SHARE INDEX (500)	1391.61	+0.6	8.65	4.65	14.55	38.99	1382.87	1381.38	1380.68	1112.27
61	FINANCIAL GROUP (91)	796.19	-0.8	-	5.88	-	31.43	802.52	803.67	804.13	686.50
62	Banks (9)	937.17	-2.0	4.45	5.69	42.52	37.46	956.57	955.97	951.95	736.43
65	Insurance (Life) (7)	1474.43	+0.5	-	5.74	-	63.68	1466.49	1467.40	1476.89	1279.68
66	Insurance (Composite) (6)	598.36	+0.6	-	7.34	-	30.72	594.61	604.54	613.62	582.96
67	Insurance (Brokers) (9)	1124.08	-1.4	7.31	6.03	17.91	43.14	1139.58	1132.64	1127.16	830.29
68	Merchant Banks (7)	471.53	+0.3	-	4.48	-	13.08	470.13	469.84	466.50	344.50
69	Property (36)	920.63	-0.2	5.94	5.08	23.86	23.78	922.53	921.05	919.76	930.32
70	Other Financial (17)	261.95	+0.4	10.94	7.01	11.48	10.86	261.00	258.86	258.91	245.87
71	Investment Trusts (70)	1231.48	+0.1	-	3.51	-	27.02	1229.64	1231.33	1224.76	998.61
99	ALL-SHARE INDEX (661)	1248.19	+0.4	-	4.77	-	36.63	1242.78	1241.92	1241.30	1007.82

	Index No	Day's Change	Day's High (a)	Day's Low (b)	Oct 16	Oct 15	Oct 14	Oct 11	Oct 10	Year ago
FT-SE 100 SHARE INDEX♣	2588.7	+9.7	2598.4	2583.4	2579.0	2576.7	2574.5	2555.0	2570.8	2082.6

FIXED INTEREST

	PRICE INDICES	Thu Oct 17	Day's change %	Wed Oct 16	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	121.60	+0.03	121.81	1.46	10.20
2	5-15 years (28)	133.29	-0.09	133.42	1.10	11.84
3	Over 15 years (8)	142.45	-0.15	142.66	2.02	10.60
4	Irredeemables (6)	159.66	-0.15	159.89	4.08	8.83
5	All stocks (70)	132.01	-0.06	132.17	1.34	11.29
	Index-Linked					
6	Up to 5 years (2)	166.07	-0.01	166.10	0.17	3.16
7	Over 5 years (9)	148.97	-0.14	149.18	0.56	3.83
8	All stocks (11)	150.20	-0.12	150.38	0.50	3.81
9	Debs & Loans (60)	113.22	......	113.22	2.08	8.53

	AVERAGE GROSS REDEMPTION YIELDS		Thu Oct 17	Wed Oct 16	Year ago (approx.)
	British Government				
1	Low	5 years	8.75	8.68	10.66
2	Coupons	15 years	9.53	9.51	10.93
3	(0%-7¾%)	20 years	9.53	9.51	10.93
4	Medium	5 years	9.78	9.77	11.64
5	Coupons	15 years	9.69	9.67	11.37
6	(8%-10¾%)	20 years	9.64	9.61	11.28
7	High	5 years	9.98	9.98	11.73
8	Coupons	15 years	9.78	9.75	11.60
9	(11%-)	20 years	9.69	9.66	11.55
10	Irredeemables	†	9.71	9.69	11.07
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs	3.80	3.79	4.34
12	Inflation rate 5%	Over 5 yrs	4.22	4.21	4.41
13	Inflation rate 10%	Up to 5 yrs	3.14	3.13	3.05
14	Inflation rate 10%	Over 5 yrs	4.03	4.02	4.21
15	Debs &	5 years	11.34	11.35	13.26
16	Loans	15 years	11.18	11.18	12.77
17		25 years	11.01	11.01	12.43

♣Opening index 2591.5; 9 am 2597.0; 10 am 2590.3; 11 am 2590.1; Noon 2591.3; 1 pm 2588.2; 2 pm 2584.4; 2.30 pm 2583.5; 3 pm 2585.5; 4.10 pm 2589.4; (a) 9.07am (b) 2.49pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY Tel: 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	5	53	25
Corporations, Dominion and Foreign Bonds	0	11	9
Industrials	355	184	955
Financial and Properties	161	98	502
Oils	29	20	41
Plantations	0	1	9
Mines	35	24	94
Others	45	52	45
Totals	630	443	1,680

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amt paid up	Latest Renunc Date	1991 High	1991 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
180	F.P.	-	198	188	Adam & Harvey	193		W10.0	5.9	6.9	3.3
634	F.P.	-	671	649	All Nippon Airways Y50	654		Q10%	1.4	0.3	-
-	F.P.	-	2½	2	Butte Mining Wrrnts.	2½		-	-	-	-
?	F.P.	-	110	95	Capital Ventures 1p	95		-	-	-	-
4	F.P.	-	9½	4¼	Colver 1p	5		-	-	-	-
100	F.P.	-	102	99	Drayton Recovery Trust	99		M7.8	-	10.5	-
-	F.P.	-	23	18	Eng. & Scott. Wrnts	19		-	-	-	-
-	F.P.	-	320	213	Eurotunnel '91 Wrnts	258	-10	-	-	-	-
100	F.P.	-	115	105	Gartmore Scotland Inc.	113		M11.6	-	13.7	-
100	F.P.	-	99	85	Do Capital	94		-	-	-	-
-	F.P.	-	£665	£605	Do Units	£655		-	-	-	-
146	F.P.	-	172	148	Irish Life Ir10p	172	+2	HQ102%	-	5.3	-
¶290	F.P.	-	346	297	Lowndes Lambert 5p	336	-2	L11.5	1.9	4.6	15.7
50	F.P.	-	54	47	‡Simpsons of Cornhill 5p	48		-	-	-	14.9
62½	F.P.	-	63	63	Vtech Holdings 5c	63		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
-	F.P.	-	107½	102½	Allied Radio 8pc Cv Uns Ln 2001	102½	
10p	F.P.	-	8p	8p	Butte Mining 10pc (Net) Cv Prf 1994	8p	
100	F.P.	-	100	98½	Camborne Inds. 10½pc Rd Deb 2001	99½	+1
100	F.P.	-	90	75½	Claythe 9½pc Cv Ln 2000-01	77½	
100p	F.P.	-	102p	100½p	Drayton Recovery Tst. Prfd. Growth £1	100½p	
100p	F.P.	-	111¼p	104¼p	Gartmore Scotland Zero Div Prf	111¼p	
-	F.P.	-	96	95½	Land Securities 10pc 1st Mtg Deb 2027	96	
100p	F.P.	-	104p	101½p	NatWest Bank 9pc Prf Series A	102½p	+¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
35	Nil	-	8pm	6pm	ASDA Group	6½pm	
140	Nil	-	20pm	6pm	Barry Wehmiller 5p	7pm	
380	Nil	-	12pm	3pm	British Aerospace 50p	7pm	+3
28	Nil	-	1¼pm	1¼pm	‡Crossroads Oil 5p	1¼pm	
45	Nil	-	6pm	3pm	‡Crown Comms. 10p	3pm	
26	Nil	-	2½pm	1½pm	Dewhirst Group 10p	1½pm	
310	Nil	-	70pm	63pm	Domino Printing Scis. 5p	63pm	-1
160	Nil	-	38½pm	25pm	Hickson International	27pm	
205	Nil	-	30pm	22pm	MB-Caradon	30pm	+1
80	Nil	-	21pm	17½pm	Meggitt 5p	17½pm	-½
65	Nil	-	4pm	1¼pm	Porter Chadburn 5c	1¼pm	-¼
14½	Nil	-	2pm	½pm	Starmin 5p	½pm	-¼
200	Nil	-	10pm	3pm	Third Mile Inv. Units	3pm	
45	Nil	-	23pm	14pm	‡Trans World Comms. 10p	14pm	
3½	Nil	-	1pm	¼pm	Willis Group A	¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. ¶¶ Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Oct. 7
- Last Dealings Oct. 18
- Last Declarations Jan. 9
- For settlement Jan. 20

For rate indications see end of London Share Service

Calls in Albert Fisher, ASDA, Business Technology, Mountleigh, and Prospect Inds. Put in McCarthy & Stone. Put and call in Costain.

LONDON TRADED OPTIONS

Option		CALLS Oct	Jan	Apr	PUTS Oct	Jan	Apr
Alld Lyons	550	58	75½	92½	½	13	17
(*608)	600	11½	42½	62½	4	28½	37½
	650	1¼	22	37½	42½	57½	65½
ASDA	34	8	11½	14	¼	2¼	3¼
(*42)	43	1¼	6	8½	3	6	6¼
	51	½	1¼	5½	9½	11½	13½
Brit. Airways	160	46¼	48½	51½	½	1½	2
(*206)	180	26¼	28½	38½	½	3¼	6
	200	7½	16	20	1¼	8½	12½
SmKl Beecham A	700	57½	77½	95½	½	9	16
(*758)	750	13	44	63	5	24½	32½
	800	1	22½	37½	42½	52½	56½
Boots	390	39	46½	57½	½	3¼	6½
(*431)	420	12	25	39	2	11½	16½
	460	½	8¼	18½	30½	34½	37½
B.P.	330	23½	30	35½	½	4¼	7
(*354)	360	2	12	18	7½	15½	18½
British Steel	120	1¼	6¼	9	1¼	6¼	8
(*121)	130	¼	2½	5¼	10	12½	12½
Bass	977	21½	-	-	3	-	-
(*997)	1000	-	35½	55½	-	41½	48½
C & Wire	550	17½	40½	59	1¼	16½	22½
(*568)	600	1¼	16½	34½	32½	41½	47½
Courtaulds	460	26	41	56	¼	9½	13
(*487)	500	2	19½	33	16	26½	29
Com. Union	460	21	38½	45½	¼	6½	14½
(*481)	500	¼	16½	24	19	26½	33½
Fisons	420	28	42	53	½	8	12½
(*449)	460	2	19	30	13	25	30
GKN	330	23½	38	44	½	6	13½
(*353)	360	2	20	26	8½	18	27½
Grand Met.	850	11½	48	63	4½	30	36½
(*858)	900	½	23½	39½	41½	57½	63½
I.C.I.	1250	33	88½	109	4½	32	53½
(*1280)	1300	6½	58½	80½	27½	52½	76½
Kingfisher	500	48½	63½	76½	½	5	8½
(*549)	550	8	29½	45½	6½	18½	25½
[illegible]							

Option		CALLS Nov.	Feb.	May	PUTS Nov.	Feb.	May
BAA	420	33	45	56	2¼	8½	11½
(*449)	460	8	20½	34	17	27½	30½
BAT Inds	600	47½	66	77	2½	8½	14½
(*641)	650	13½	36	46	18	27½	32½
BTR	390	22	34½	38½	4	9¼	16½
(*405)	420	4¼	17	23	16½	23½	27½
Brit. Telecom	360	33½	39½	48½	2½	7½	10½
(*389)	390	11	21	30½	11	18¼	22½
Cadbury Sch	390	30½	48	52½	5½	12½	21
(*413)	420	13	29½	37½	16½	26	33½
Eastern Elec	230	20½	25½	30½	1¼	5	7
(*249)	250	6¼	13½	19½	7	12½	15½
Guinness	1000	45½	79½	97½	9½	23	35½
(*1030)	1050	18	50	69½	32½	44½	57½
GEC	180	15½	18½	23½	1	3	5
(*194)	200	3¼	7½	12½	8	11	13
Hanson	220	6¼	10¼	14½	4¼	11¼	13½
(*222)	240	¼	3½	7¼	19	26	26½
LASMO	300	20	32½	36	6	11	15½
(*312)	330	6	16½	21	23½	25	29½
Lucas Inds	140	4	9¼	12½	7¼	11¼	13½
(*141)	160	1	2¼	6½	25½	25½	26½
P. & O.	472	30½	48½	-	3½	10½	-
(*495)	500	-	-	40½	-	-	32
Pilkington	140	19½	24½	31	1¼	4½	6½
(*159)	160	6¼	12	19½	7	12	14½
Prudential	220	18½	27½	29½	1¼	4½	7½
(*235)	240	5½	14½	18½	8½	11½	16½
Racal	55	6	-	-	1½	-	-
(*59)	60	2	4	-	3	4	-
R.T.Z.	550	25	45½	52½	9	16½	26½
(*563)	600	4¼	21	28½	37½	40½	49½
Scot. & New	390	32	39½	50½	2	8	10½
(*419)	420	11½	20½	32½	11½	20½	22½
Tesco	240	17½	26½	30½	2¼	5	9
(*253)	260	5½	14½	19½	9½	13½	16½
[illegible]							

Option		CALLS Dec	Mar	Jun	PUTS Dec	Mar	Jun
Hillsdown	200	-	-	28	-	-	10½
(*213)	216	8	15½	-	10	13½	-
Lonrho	240	15	19½	22½	6½	14½	16½
(*247)	260	5½	10	13½	16½	26½	29
Midland Bk	240	27	35	41½	5	9	12½
(*257)	260	13½	23	29	12½	17½	20½
National Power	160	8½	12	16½	6	9	10½
(*162)	180	2¼	5	8½	19½	20½	22½
Reuters	950	68½	96	120	24½	43½	58½
(*982)	1000	39½	70½	93½	46	67	78
R. Royce	130	11	15½	17	2¼	5¼	8
(*136)	140	5¼	10	11½	7¼	11	13
Scottish Power	110	4¼	7½	11	4¼	6½	7½
(*110)	120	2	4½	7	11	13	14
Sears	90	9¼	12	14½	2¼	4¼	6½
(*97)	100	5½	8¼	9	7	10½	11½
Forte	260	22½	32	36	3	5½	9½
(*278)	280	10½	19	23½	9	13½	16½
Thorn EMI	750	59½	75½	95½	6½	13	15
(*799)	800	25½	44½	63½	25½	30½	34½
TSB	130	10½	13½	15½	2½	5¼	6½
(*135)	140	5	8	11	7¼	11	11½
Vaal Reefs	60	8¼	10	13	2¼	5¼	6¼
(*565)	70	3½	6¼	8¼	8	10	13
Wellcome	700	53½	80½	101	17	29½	[illegible]
(*736)	750	28½	53½	74	39½	50	[illegible]

EURO FT-SE INDEX (*2590)

	2425	2474	2525	2575	2625	2675	2725	2775
CALLS								
Oct	169	119	73½	35½	11	3	2	[illegible]
Nov	189	144	103	67	38	19	8	3
Dec	214	-	133	-	66½	-	25½	-
Mar	263	-	188	-	125	-	75	-
Jun	300	-	227	-	167	-	117	-
Sep	330	-	265	-	203	-	152	-
PUTS								
Oct	2½	3	7	17½	42½	82½	132	182
Nov	9	12½	20	33½	54	82½	119	163
Dec	15	-	31	-	63½	-	118	-
[illegible]								

[illegible]

Dean & Bowes tumbles as margins are squeezed

By Peggy Hollinger

FALLING MARGINS, rising interest charges and reorganisation costs sliced taxable profits at Dean & Bowes, the public house refurbisher, from £1.71m to £301,000 in the first half of 1991.

And shareholders were warned that the group was only likely to break even in the full year. "There is no chance we will announce a loss," said Mr Stephen Dean, chairman, "but it won't be much of a profit." Previously the group made £2.68m.

Gross margins came under "considerable pressure", falling from 29 per cent to 21 per cent, said Mr Dean. The group had been especially hit by competition from general shopfitters and construction companies moving into its specialty niche areas of pub and hotel refurbishment.

Interest charges shot up from £21,000 to £288,000 following the debt incurred on two acquisitions the previous year. Net debt of £5.5m represented gearing of 80 per cent. Mr Dean said borrowings would be substantially reduced by the year-end through the sales of non-core businesses and property acquired from him in an all-share transaction.

Turnover was slightly better than expected, up almost £4m to £23m. EJ Reilly, the snooker table manufacturer purchased in December for £1.7m cash, contributed about 25 per cent of turnover and 50 per cent of profits.

The contracting business was suffering worst with orders sharply lower than expected. As a result, full year turnover would be about £4m less than anticipated.

Losses were incurred in two businesses - furniture manufacture and signage. It was aimed to dispose of both operations and advanced negotiations were under way.

The group planned to cut overheads by £1m before the year-end. Already more than 70 jobs out of a 550-strong workforce had been cut, and a business in the north-west closed. These resulted in exceptional charges of £146,000 and extraordinary costs of £64,000. A further exceptional charge was likely in the second half.

Earnings tumbled to 1.23p (7.2p) and a nominal dividend of 0.25p (2.75p) is declared.

Shipping buy at Inchcape

INCHCAPE, the international services and marketing group, has agreed to buy most of the shipping agency operations of *the TSB Group which the UK* bank acquired with its 1987 purchase of Hill Samuel, the merchant bank, writes Andrew Bolger.

It is to acquire the shipping agency operations of TSB's Wescol International Marine Services subsidiary in the UK and the US, together with shipbroking operations in the UK and Japan.

Consideration has not yet been agreed, but net assets being sold are estimated to be worth £5m.

The companies said Wescol's shipping agency operation in the UK, under the Escombe Lambert name, was the market leader with 32 offices throughout the country.

Shipping agency operations in the US, known as Lavino Shipping Agencies, had a total of 20 offices on the east and west coasts.

Shipbroking operations in the UK, trading as Lambert Brothers and Cleaves Shipbroking, together with Tokyo Shipbrokers in Japan, represented one of the leading shipbroking operations.

The deal excluded the Wallem group of companies, the other significant part of Wescol.

Maxwell sells Scitex stake

By Bronwen Maddox

Mr Robert Maxwell, the publisher, yesterday announced the end of his involvement in Scitex, the Israeli manufacturer of printing equipment, with the placing of his 19 per cent stake for $239m (£140m).

The disposal of 7.1m Scitex shares at $35 will inject cash into Robert Maxwell Group, a private company controlled by him which is parent of the publicly-listed Mirror Group Newspapers. At December 1990 Maxwell Group had net debt of £1.3bn, compared with shareholders' funds of £856m.

NEWS DIGEST

Boot bucks gloomy sector trend

ALTHOUGH admitting that market conditions remained difficult, Henry Boot & Sons again defied the generally gloomy performance of the construction sector.

The Sheffield-based building and property group reported profits ahead to £2.07m (£1.96m) in the six months to June 30, an increase achieved on turnover of £59.2m (£55.5m).

Earnings per share improved from 23.4p to 25.6p, partly reflecting the group's purchase of 190,000 of its own shares at the beginning of the year. The interim dividend is raised to 7.5p (7p).

Castle Comms rises to more than £2m

Castle Communications, the USM-quoted record and video company, lifted pre-tax profits from £1.87m to £2.02m in the year to June 30.

Although operating profits were down at £3.4m (£3.67m), there was no exceptional charge (£805,000). The share of associates profits was £55,000 (losses £33,000) though these were partly offset by increased interest charges of £1.44m (£967,000). Turnover rose to £38.2m (£34.2m).

Earnings slipped to 19.5p (20.7p) per share, but the final dividend is held at 4.5p for an unchanged total of 8.5p.

Forward Technology reduces deficit

Reduced pre-tax losses of £635,000 were announced by Forward Technology Industries for the first half of 1991. Losses last time were £1.13m.

Turnover for the company, which makes ultrasonic cleaning and welding equipment and specialises in audio and video tape duplication, was down slightly at £18.6m (£19.8m).

Mr Brian Chilver, chairman, said that while turnover in electronics had remained static margins had improved. Profits from that division were £156,000 compared with a £504,000 loss.

Losses per share amounted to 1.9p (2p).

Losses at Business Technology

Although operating margins were maintained, Business Technology Group ran into a loss of £154,000 in the first half of 1991 and is passing the interim dividend.

The loss compared with a profit of £985,000, struck after exceptional charges of £502,000, and was struck after interest costs of £937,000 (£420,000). However, they would be reduced substantially in the second half following the sale of Westcoast, the laser printer distribution subsidiary.

Losses per share came to 0.42p, against earnings of 4.76p from which an interim dividend of 1.5p is declared.

Cradley ravaged by £1.2m for bad debts

After providing £1.2m to meet "real and potential" bad debts, Cradley Group Holdings saw pre-tax profits halved from £1.65m to £807,000 in the year to June 30.

The result was all the more disappointing as turnover had grown from £22.6m to £28.4m and operating profit from £1.85m to £2.43m, he said. Earnings per share fell by 2p to 1.8p and it had been decided not to increase the dividend – it stays at 1p.

Margins eroded at Brooks Service

Brooks Service Group, the *Bristol-based textile rental and* retail services company, saw profits decline by 40 per cent in the six months to June 29.

Mr Simon Brooks, chairman, blamed "significantly eroded margins" for the fall to £336,000 (£563,000), struck after exceptional charges of £48,000 relating to rationalisation and reorganisation.

Turnover dipped to £11.8m (£12.5m). The interim dividend is cut from 1.84p to 1.3p, payable from earnings of 1.85p (3.05p) per share.

Uncomfortably exposed to recession-hit activities

Vanessa Houlder on how the downturn has undermined Heron's expansion plans

HERON International, the property and commercial group headed by Mr Gerald Ronson, has been going through the worst time of its life.

"This year was unquestionably the toughest that Heron has experienced throughout its *26-year history", said Mr Ronson* in the company's latest set of accounts.

The year to March 31 saw its first-ever drop in net assets, from £640.4m to £585.1m and its first-ever fall in pre-tax profits from £65.3m to just £2m.

On top of that, it had to take an extraordinary charge of £66m, mainly as a result of *extra provisions against the* property and businesses that it is trying to sell.

The pressures facing Heron are reflected in the prices of its bonds. Its 10 international bonds, in Swiss francs, French francs and Ecus, are trading at between 48 per cent and 62 per cent of face value. The yields, of between 20 per cent and 25 per cent, are similar to those attached to junk bonds.

With this background, the sale of 150 petrol stations to Elf Aquitaine on Tuesday for up to £150m, has stirred renewed interest in the company. Its decision to sell its petrol chain sits oddly with the expansion plans outlined in its 1990 report, when it forecast 250 sites by the end of 1993.

Mr Alan Goldman, deputy chief executive, shrugs off the speculation. "We are amused by the interest," he says.

There is nothing new about Heron trading petrol stations; the company has bought and sold 600 sites over the past 25 years.

Moreover the development programme is unchanged, with Heron continuing to buy between 40 and 50 sites each year. Furthermore, he points out that the sale is phased, with completion scheduled for 1993.

For all that, the sale can be interpreted as an attempt to reduce Heron's high level of debt. At its last year-end it had debts of £1.44bn against equity of £585.1m. This compares with the previous year's debt of £1.52bn and equity of £640.4m.

During the year the operations absorbed £9.9m, compared with the previous year when they generated £71.3m.

The company would not *have made any pre-tax profits* if it had not followed the commonplace but contentious practice of capitalising interest of £43.1m.

Heron's problem is that most of its businesses have turned down at the same time. The breadth and severity of the recession has undermined its strategy of creating a diversified portfolio, where downturns in one sector or country are offset by improvements elsewhere.

The distribution business was the only one to buck the downward trend, having more than doubled its locations and increased its profits by more than 50 per cent.

Otherwise, Heron found *itself exposed to the worst sec*tors of the economy, namely housebuilding, property and car dealership. Its petrol retailing also went through a tough period thanks to recession and the Gulf crisis.

Property is Heron's largest single business and inevitably it has suffered from the biggest *downturn that the UK and US* markets have seen since the Second World War.

Property profits fell from £101.6m to £73.6m and it made a £9.3m provision against investment properties in the course of development.

Gerald Ronson: unquestionably the toughest year Heron had ever experienced

This is a good performance, by the dismal standards of property companies. Heron says that it anticipated the oversupply of commercial property and minimised its development exposure over the past three years. It has few voids and its rental income rose by 23 per cent over the year to £17m. Its UK investment portfolio, which last year stood at £309m, fell by 10 per cent.

Continental Europe was one bright spot in property markets around the world and Heron's portfolio increased from £338m to £380m.

The US, which accounts for the rest of the group's £771.8m (£712.5m) investment property portfolio, is another treacher*ous market.*

Heron has decided to stop building its second tower block in Manhattan as a result of the collapse in the market.

However, its existing tower block, while 95 per cent let, must have been vulnerable to the worst market New York has seen since its fiscal crisis in the mid-1970s.

The problems in Heron's property portfolio are probably far from over. Last year, on the basis of the directors' own assessment, the portfolio's value actually increased from £679.4m to £684.4m.

Another increase this year seems improbable, following further declines in the UK and US and a reversal in most continental markets except Germany.

Heron's housebuilding operation is also in trouble, having posted its first trading loss for more than 10 years, even though it managed to increase volumes by 6 per cent over the year.

However, Heron Homes is one of the better managed businesses in the industry, according to Mr Fred Wellings, an analyst at Credit Lyonnais Laing, who says that for the five years to 1990 it had profit margins of over 20 per cent.

Heron's motor businesses are also suffering, particularly as they are focused on the top end of the market, which has been particularly hard hit.

For example, sales of Jaguar and Rolls-Royce cars are down 50 per cent so far this year, according to Mr Tony Lancelott, an analyst at UBS. The gloom is partly tempered by its Suzuki four-wheel-drive business, which is holding up well.

In addition, Heron has also been dragged down by the businesses that it is trying to sell. It owns 48,000 acres of undeveloped land near Phoenix, Arizona, which is a legacy of its ill-starred acquisition of Pima Savings, the savings and loans subsidiary which it values at £36.7m.

Pima also left it with properties and land valued at £27.4m, on which it has taken a £10.3m write-down this year. It is also trying to sell its video cassette business Media Home Entertainment, which has been valued at £6.6m after liabilities and provisions of £13.9m.

In the annual report, Heron stresses the prudent management of its borrowings and its diversification into continental Europe which, it says, will ensure that it weathers the storm. For the present, however, the company appears uncomfortably exposed.

UK COMPANY NEWS

BTR says Hawker plan reflects 'a loss of nerve'

By Andrew Baxter

THE WAR of words over the future of Hawker Siddeley intensified yesterday when BTR, the UK conglomerate bidding £1.5bn for the struggling engineering group, responded vigorously to Hawker's radical defence plan unveiled last week.

Sir Owen Green, BTR chairman, told Hawker shareholders that their company's plan to dispose of four of its seven businesses, comprising about 60 per cent of the group, was "a drastic measure reflecting a loss of nerve and a lack of confidence in their own management ability."

He added that the plan would "create uncertainty, cast a dark shadow over many thousands of jobs and will be time-consuming, complicated and inherently risky to implement." The businesses to be sold – electric power, rail, instruments and controls, and general engineering – employed 26,300 out of a group total of 44,600 last year.

A document accompanying Sir Owen's letter also claimed that previously well-regarded businesses such as signalling were being discarded. "The current senior management is effectively turning Hawker into an asset trader, for which it has neither the track record nor the skills."

Last night, Hawker countered that the restructuring plan, far from reflecting a lack of nerve, was "a bold and courageous response to the challenges of the 1990s. We are still emphasising we have the right strategy, whereas they have only vague notions but no actual strategy . . . it's a document written by investment bankers, not industrialists."

Following BTR's initial response to Hawker's defence plan, the latest salvo is aimed at big institutional shareholders, and analysts believe BTR is trying to limit any increase in the offer to a minimum.

Even so, there is still some debate about whether BTR will need to raise an offer that is generally considered attractive financially and was designed to leave the bidder's options open.

The offer is 108 new BTR shares plus £284.20 cash for every 100 Hawker shares, worth 721.6p per Hawker share at last night's close. BTR shares rose 1.5p to 405p and Hawker's picked up 2p to 741p.

In addition, though, Hawker shareholders will be allowed to receive their interim dividend of 10p per share announced on September 19. They can also opt for a 700p per share cash alternative to the share-and-cash offer.

BTR's document gave a few more clues about its plans for Hawker should its bid succeed, saying it will retain and "actively manage" the substantial majority of Hawker's businesses.

BTR also questioned Hawker's plan to achieve "world leadership" through the pursuit of scale in its three remaining businesses – electric motors, industrial batteries and aerospace.

Hawker, though, maintains that BTR is simply a collection of niche businesses, and does not understand the demands of building a long-term future for global or regional engineering businesses.

Only 70% take-up for Hillsdown rights issue

By Jane Fuller

ABOUT 30 per cent of Hillsdown Holdings' £281m rights issue is expected to be left with Kleinwort Benson, the underwriter, after criticism of the cash call.

Yesterday was the deadline for acceptances of the 1-for-4 issue, priced at 210p. The closing price was just 2p higher.

Sentiment turned rapidly against the food, furniture and property group after the issue was announced on September 26, taking analysts by surprise. A near maintenance of interim pre-tax profit helped put 10p on the share price on September 4, taking it to 249p.

The feeling was that after weathering a bear raid in January, which took the stock down to 165p, Hillsdown was due for a re-rating. Now analysts are saying this has been postponed for up to a year, partly because those left with unwanted stock will take advantage of any share-price recovery to sell.

Apart from the element of surprise, which the Hillsdown camp says complies with the requirement not to leak, the criticisms include: the money is not needed for financial repair; it is not linked to a specific acquisition; growth in earnings per share, which peaked at 29.6p in 1989, is stalled at a lower level for at least another year; it is priced at a low multiple – only 8.3 times 1990 earnings.

Sir Harry Solomon, chairman, said at the time of the issue that he was more comfortable with 15 than 50 per cent gearing. He wanted flexibility to make small and medium-sized food acquisitions.

Too far, too fast on an increasingly rocky course

Vanessa Houlder looks at the meteoric growth of Nazmu Virani's Control Securities

THE ANNOUNCEMENT that Control Securities is the subject of a Serious Fraud Office investigation may have cast a shadow over one the of Asian community's most prominent entrepreneurs.

Ever since Nr Nazmu Virani came to the UK after Idi Amin expelled the Ugandan Asians in 1972, his meteoric business career has won him a high profile inside and outside the Asian community.

Mr Virani has been renowned for his fundraising efforts, in particular with the Prince of Wales Youth Trust. Photographs of him meeting royalty, politicians and other luminaries bedeck his offices in Victoria.

He takes pride in his progress as a symbol of the upward mobility of his own community and last year was awarded the accolade of Asian Businessman Of The Year. He often talks about how he started in the UK in a supermarket in "Hardship Lane", how he used to transact property deals in his mosque and how Control Securities' shareholder register testifies to his following among other Asians.

Mr Virani has, however, an ambivalent relationship with the City. He has frequently tried to improve Control's City standing, most notably when he became convinced that it was unacceptable to have two quoted vehicles and so he sold Belhaven Breweries. He saw himself as struggling to be accepted by the establishment and was proud of securing established City advisers such as UBS Phillips & Drew.

Mr Virani would be the first to accept that he was not entirely accepted by the City. Control Securities gets little attention from analysts, it has few institutional backers and has long traded on a yawning discount to assets.

This discount has reached new heights in recent months, partly as a result of the state of the property market and partly as a result of the BCCI collapse which triggered a 33 per cent fall in Control's share price to 13.5p.

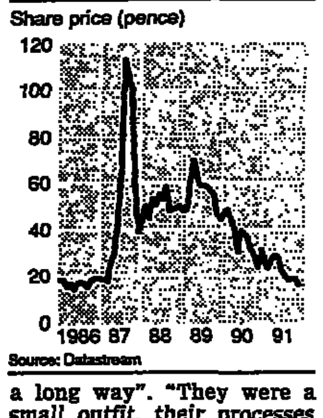
BCCI owned 5.4 per cent of Control and occupied two of its buildings. Furthermore, Control and hundreds of its shareholders had accounts with BCCI.

When Control announced its last set of results in August, it said it had a total exposure of £3.8m, related to a £500,000 account for dividends awaiting collection, the rent on two buildings that had been occupied by BCCI and money in management accounts, offset by a £2.5m overdraft.

Mr Virani said that his relationship with BCCI "went back a long way". "They were a small outfit, their processes were quicker," he said.

Control Securities

Share price (pence)



Source: Datastream

Before the collapse of the property market, sentiment towards Control Securities was mainly affected by the speed of the company's growth. It was seen as a company in a hurry, which issued paper rather too freely. The tip-sheet following of Control Securities, which was one of the worst casualties of the 1987 stockmarket crash, did not help.

Mr Sarosh Zaiwalla, an Asian solicitor in the City, thinks that Mr Virani tried to move too far, too fast. "The new entrepreneurs see success and want to go quicker and quicker. They want to climb the heights as soon as possible."

There is certainly no question about Mr Virani's ambition or energy. He works around the clock and frequently claims that: "I am more married to my business than my wife."

There is also no question about the apparently meteoric speed with which his business has grown in the UK. In 1972, he left Uganda, where he had a property empire, with just a suitcase. He bought a supermarket in Dulwich and then built up a chain of supermarkets and hotels.

In 1976, he bought into a struggling soft drinks manufacturer, which was turned round by using the hotels as a customer base. He tried to do the same trick at Belhaven, a Scottish brewery where he became chairman in 1984. His main interest, however, was in property and in 1985 he bought into Control Securities, a near-bankrupt Welsh property group. He sold Belhaven in 1986.

He set about transforming Control, firstly by reducing borrowings and then injecting property in return for paper. He did deals with the big players in property, such as Mr John Ritblat, Mr Tony Clegg and Mr Gerald Ronson, buying what he described as the "good rubbish" from their portfolios.

He returned to the brewery industry at the end of 1988, when he bought back the Belhaven brewery and subsequently he bought pubs from Brent Walker and Grand Metropolitan. This flurry of deals transformed Control into a group with 100 properties, 24 hotels, 800 pubs and a brewery.

The company's borrowings have increased sharply during recent years. If deferred payments due over the next three years are taken into account, the company's gearing is close to 100 per cent.

That said, last year's reported figures suggest that interest costs were covered by rents and leisure profits, although write-downs of trading in properties and the dissolution of a joint venture with Rosehaugh, and the BCCI provision resulted in a pre-tax loss of £3.3m. The net asset value per share dropped by 16 per cent to 75.8p.

Overall, the results, which sent Control's share price up a few pence, did not suggest that the company had difficulties. Following yesterday's visit by the Serious Fraud Office, however, opinions about the company may well have to be revised.

Trevor Humphries

Nazmu Virani: ambivalent relationship with the City

GrandMet in crossfire

GRAND METROPOLITAN, the food, drinks and retailing group, holds 9m shares in Control Securities which it took in part-payment for the £45.8m sale of 220 pubs early last year, writes Philip Rawstorne.

The allotment was then valued at £5.85m, or 65p per share. They were suspended yesterday at 16½p yesterday following the raid by the Serious Fraud Office on Control Securities' offices yesterday.

GrandMet said yesterday that it had been paid the £40m cash balance of the deal.

The pubs, considered too small or unsuitably sited for conversion from tenancies to the group's 20-year Inntrepreneur leases, increased Control's estate to nearly 800 outlets. Most are located in Scotland, the north of England and the Midlands.

Control's Belhaven brewery, at Dunbar, Scotland, has a production capacity of 100,000 barrels a year and brews four ales and two lagers under Belhaven brands. It also undertakes contract brewing for Scottish & Newcastle and Bass.

Bass, which in 1989 sold 27 hotels in Spain to a company half-owned by Control, refused to say yesterday what payments it had received. The £45m deal was due to be settled over a three-year period.

Exceptionals push Beauford to £0.24m loss

By Sean Lawless

Beauford, the engineering and industrial products group, reported a pre-tax loss of £240,000 for the six months to June 30, against profits of £2.39m last time.

Mr David Bulmer, chairman, attributed the loss to the recession and the effect of the Gulf war on the industrial division.

Trading profits were more than halved at £1.5m (£3.28m), but the outcome was reduced further by interest charges of £1.14m (£892,000) and pushed into the red by exceptional costs of £595,000 resulting from redundancies, according to Mr Bill Jessup, finance director. The company has shed 16 per cent of the workforce since January.

However, despite losses of 6.9p per share (earnings of 8.2p) the interim dividend is held at 1.85p. Turnover dropped to £26.5m (£30.5m).

Mr Edward Duke, recently appointed chief executive, has introduced a profit improvement programme, which the company said would incur costs in the short term. Profitability is not expected to improve until 1992.

After a tax credit of £82,000 (charge £845,000), minority interests of £44,000 (debit £67,000), and extraordinary costs of £45,000, attributable losses emerged at £159,000 (profits £1.48m).

Brent Walker concern over small shareholders vote

By Roland Rudd

BRENT WALKER, the troubled leisure group, expressed concern yesterday that small shareholders might be persuaded to vote against its reconstruction proposals. They are to be discussed by its 47 banks, owed more than £1.3bn, today.

Following a recent agreement with its bondholders, the company was hopeful that it would receive the required 75 per cent support from its shareholders for reconstruction.

However, an independent shareholders' action committee, chaired by Count Alexei Orlov, yesterday claimed to speak for more than 30 per cent of Brent Walker's shareholders in opposing the proposals.

Count Orlov said that the overwhelming majority of 11,000 preferential and ordinary shareholders contacted and expressed their opposition to reconstruction.

He is planning to formally publish the results of the vote at a meeting for small shareholders at the London Portman Intercontinental Hotel tomorrow.

The shareholders committee wants Brent Walker to reconsider the takeover offer put to the banks by Lonrho, the international trading company.

Count Orlov has had talks with Mr Tiny Rowland, Lonrho's chief executive, in which Lonrho, which holds 5 per cent of Brent Walker's bonds, offered to swap one of its shares for every four in Brent Walker.

Lonrho is still pushing its own proposals to take over Brent Walker, although they have been rejected by the banks. Mr Rowland has written to the chairmen or chief executives of all 47 banks outlining his offer for the group. Brent Walker yesterday said shareholders should not overlook the fact that Lonrho has not made any formal takeover offer to the company.

Nonetheless, Standard Chartered, the bank leading a steering committee of principal lenders to Brent Walker, is concerned that small shareholders may be persuaded to block reconstruction.

Jermyn Investment falls to £105,000

Jermyn Investment, the shares and property investor, reported taxable profits of £105,277 for the six months to end-June, down from £155,310 last time.

Income totalled £265,176 (£316,006) and interest payable was £66,019 (£87,265).

After preference dividend and transfer from reserves of £23,163, losses per share were 1.16p (earnings 3.17p).

Defence side and interest charges take toll on Hunting

FALLING DEFENCE profits and increased interest charges reduced Hunting's pre-tax profit by 22 per cent, from £19.9m to £15.6m, in the first half of this year. Turnover expanded from £357.7m to £369m, writes Jane Fuller.

The decline in defence was predicted following the ending of the JP233 airfield attack contract which had boosted profit in previous years. The division's trading profit fell to £6.14m (£8.66m).

Mr Richard Hunting, chairman, said the non-JP233 part of the defence business had continued at a similar level to last year.

Aviation was the only division to grow with Metair, which fits out the SAAB 340 commuter aircraft, keeping profits moving ahead to £5.4m (£5m).

Profits in the oil and technology division fell to £5.96m (£6.42m). Progress at Gibson Petroleum in Canada and at the Hammerite rust-proofing business in the UK partly offset losses elsewhere. Closure of the US bodyfiller arm would lead to £3m of extraordinary costs in the full-year results, Mr Hunting said.

Overall, the figures benefited from an £800,000 pension gain.

Interest costs rose to £2.56m, compared with £126,000 received, although last year's figure was flattered by the pushing below the line of interest associated with discontinued businesses.

Mr Dennis Clark, finance director, said gearing at the half-way stage had gone up from 50 to 57 per cent, with net debt standing at just under £66m. Borrowings would be helped by the £3.5m sale of a stake in New England Properties.

Fully diluted earnings per share fell to 9.1p (12.4p). The interim dividend is maintained at 4p.

● COMMENT

Hunting is well on its way to deriving equal amounts of profit from defence, aviation and oil/Hammerite. So far this has mostly stemmed from defence falling, although the drop has been less acute than feared. The continued growth in aviation was also welcome in a recession. In specialised products, the strategy at last seems clear of extending the rust-proofing and coating products from the DIY field to industrial customers, although some tidying up of non-core businesses remains to be done. Extraordinary costs should be much lower this year, giving shareholders' funds a chance to grow again. A full-year forecast of £28.5m (£38.5m) gives a prospective multiple of just over 11, falling to 9.4 in 1992, although recovery potential is limited by the defence side. The share price of 184p is supported by a yield of 7.2 per cent.

NEWS DIGEST

MY Hldgs back in the black

MY Holdings, the paper and plastics packaging group, returned to the black last year as it substantially slimmed down its operations and reduced borrowings.

Pre-tax profits amounted to £547,000 compared with a deficit of £2.05m last time.

The company is now concentrating on supplying paperboard and plastic packaging components and decided to withdraw from the highly competitive carton market. It is closing its Coventry plant incurring an extraordinary charge of £2.6m (£706,000).

Group sales in the year to August 31 fell from £47.5m to £35.8m reflecting the discontinuation of several businesses and the effects of the recession. Continuing operations experienced only a marginal £23,000 decrease in sales to £32m.

A final dividend of 0.5p (nil) is recommended. No interim payment was declared this year (0.55p). Earnings per share came to 1.66p (3.68p loss).

Air London advances 46%

Bearing out the upbeat tenor of the interim statement, Air London International, the Gatwick-based charter broker, yesterday unveiled a 46 per cent expansion in annual profits.

On turnover ahead 44 per cent to £19.3m, profits of this USM-traded company for the 12 months to July 31 jumped from £823,000 to £1.2m pre-tax. Interest receivable contributed £319,000 (£271,000).

Earnings per share worked through at 8.9p (6.2p). A recommended final dividend of 1.8p brings the total for the year to 3.2p (2.5p).

Rental growth at Jas Smith Estates

James Smith Estates, the USM-quoted property investment group, lifted interim profits by 8 per cent to £567,000.

The advance from last time's £525,000 came despite higher interest charges of £226,000 (£182,000) reflecting property purchases, and a fall in profits on sales of investments which contributed only £45,000 this time against £111,000.

Gross rental income in the six months to September 24 advanced 17 per cent to £934,000 (£797,000). Mr Stephen Mulliner, chairman, said that rental income would continue to "grow significantly".

Earnings per share improved to 2.47p (2.21p) and the interim dividend goes up to 1.25p (1.1p).

Crown Eyeglass trebled to £0.24m

Trebled pre-tax profits were achieved by Crown Eyeglass in the half year to September 29 1991.

At £242,000 the outcome compared with £79,000, and was only £9,000 short of the previous year's total. Earnings per share were 10.2p (2.9p) and a maiden interim dividend of 2p is declared.

Mr Joe Lee, chairman of this USM-quoted group, was confident that the momentum of the first half would be continued.

Turnover increased from £1.69m to £1.91m.

Gerrard & Natl lower at midway

Gerrard & National, the discount house and financial services group, reported lower profits for the six months to October 5, despite the fall in interest rates during that period.

The group does not provide any half year figures, but declared an unchanged interim dividend of 6p.

The shares fell 10p to 323p.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 18.10.91: Pool purchase price £/MWh	Final Prices for Trading on 20.09.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	15.85	16.04	16.04
0100	15.82	16.02	16.02
0130	15.86	16.02	16.02
0200	15.91	16.02	16.02
0230	15.92	16.02	16.02
0300	15.92	16.02	16.02
0330	15.90	16.02	16.02
0400	15.83	16.02	16.02
0430	15.83	16.02	16.02
0500	15.82	16.03	16.03
0530	15.82	15.96	15.96
0600	15.83	15.96	15.96
0630	16.00	16.03	16.03
0700	16.21	17.00	17.00
0730	20.72	18.73	21.05
0800	29.45	21.58	24.65
0830	34.32	26.77	30.75
0900	37.31	31.45	36.89
0930	35.62	36.43	43.15
1000	34.46	38.84	46.30
1030	33.31	39.70	47.48
1100	32.34	39.56	47.32
1130	31.61	40.41	48.47
1200	30.95	40.01	47.97
1230	28.86	36.34	43.13
1300	28.59	31.15	36.35
1330	20.96	25.22	28.72
1400	20.29	23.30	26.11
1430	19.86	20.19	22.89
1500	19.59	20.00	22.42
1530	19.51	19.84	22.19
1600	19.36	19.42	21.74
1630	19.81	19.25	21.63
1700	20.54	22.36	24.90
1730	24.58	22.25	24.73
1800	26.96	22.01	24.40
1830	26.66	18.86	21.08
1900	27.41	21.98	24.34
1930	25.59	22.23	24.69
2000	19.53	22.35	24.88
2030	19.10	22.25	24.70
2100	18.03	18.96	21.24
2130	17.61	18.53	20.73
2200	17.61	18.52	20.71
2230	17.40	17.67	19.84
2300	17.27	16.92	19.06
2330	15.92	16.15	16.15
2400	15.83	16.05	16.05

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Air London § ....fin	1.8	Dec 5	1.4	3.2	2.5
Beauford ....int	1.85	Nov 29	1.85	-	6.07
Boot (Henry) ....int	7.5	Nov 19	7	-	25
Brooks Service ....int	1.3	Nov 29	1.84	-	5.75
Business Techlgy......int	nil	-	1.5	-	1.5
Castle Comms § ....fin	4.5	Jan 15	4.5	8.5	8.5
Cradley ....fin	1	Jan 7	1	1	1
Crown Eyeglass §.....int	2	Dec 17	-	-	3.5
Dean & Bowes ....int	0.25†	Nov 25	2.75	-	6
Fisher (Albert) ....fin	2†☆	Jan 3	1.85	3.75	3.35
Gerrard & Nat ....int	6	Dec 9	6	-	20.5
Hunting ....int	4☆	Dec 17	4	-	10
MY Holdings ....fin	0.5	Feb 17	nil	0.5	0.55
Smith (James) § ....int	1.25	Jan 16	1.1	-	3.3

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Carries scrip option.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Contra-Cyclical Inv Trust, Downiebrae, HTV, Halls Homes & Gardens, Le Creuset, Mezzanine Cap & Inc Trust, Nolda, Owen & Robinson.

Final- Value & Income Trust.

FUTURE DATES

Interims-

Bourne End Props	Oct. 21
Cooper (Frederick)	Oct. 30
Ferguson Intl	Oct. 30
Marks and Spencer	Oct. 30
New Throgmorton Trust	Oct. 25
Rowe Evans	Oct. 22
Storehouse	Nov. 21
Warner Howard	Nov. 14
Waterford Wedgwood	Oct. 22

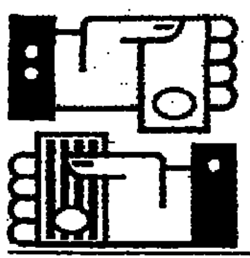
FINANCIAL TIMES SURVEY

Alternative Dispute Resolution is the height of fashion: Page 3

THE LEGAL PROFESSION

Unpredictable opportunities in eastern Europe: Page 2

Friday October 18 1991



Very few members of the profession seem to have emerged unscathed from the recession. But are the problems really caused by the present economic downturn or has it simply highlighted several more deep-seated and long-standing problems? **Robert Rice** investigates

Recession takes its toll

WHAT happened to the legal profession during the recession? Did the rich get richer while the small firms went to the wall?

Certainly the profession has not escaped unscathed. If evidence were needed that the profession was not "recession-proof" it came last week from the Law Society. The society is to make 50 of its 600 staff redundant as part of a package of cuts to meet an expected shortfall of £3m in its budgeted revenue for 1992.

The shortfall has arisen largely because of an unexpected drop in the number of solicitors taking out practising certificates – the society's main source of income – for next year.

The drop in the numbers taking out certificates took the society by surprise. Mr John Hayes, secretary-general of the society, said: "In earlier recessions there has never been a reduction in the number of practising solicitors. This recession has bucked the trend".

The precise reasons for the fall will have to wait further analysis. It is not yet clear, for example, whether the drop is the result of a significant number of one- and two-partner firms going out of business.

All the society can say at this stage is that a number of solicitors appear to have chosen early retirement and fewer newly-qualified solicitors than expected have taken out practising certificates because they have been unable to find jobs in the current market.

The suspicion is, however, that the true extent of the impact of the recession on the small, one- to four-partner firms which make up more than 80 per cent of the practising profession will not become clear until next year.

Further up the profession, life has not entirely been plain sailing either. The medium-sized, full-service firms, particularly those which grew too fast during the boom years of the late eighties and which no longer have the volume of work to support their new size, have found life difficult over the past year.

Only the Bar, the very largest commercial law firms with breadth and depth of expertise across a wide range of practice areas and the smaller firms which have concentrated on developing true specialist expertise in a few niche practice areas, appears to have come through the recession with few scars, maintaining acceptable levels of growth of about 10 per cent.

There is no mystery about the sound health of the Bar. Criminal work is unaffected by recession; indeed, crime tends to rise during economic downturns. And however varied the characteristics of each successive recession one feature remains common to them all: a sharp rise in commercial litigation. When times are hard, contracts are broken and companies fight.

Central London law firms report an average increase of 43 per cent in commercial litigation over the past 12 months. Litigators in some firms have been even busier – City of London solicitors Allen & Overy report a 60 per cent increase in litigation. All this means more work for the Bar.

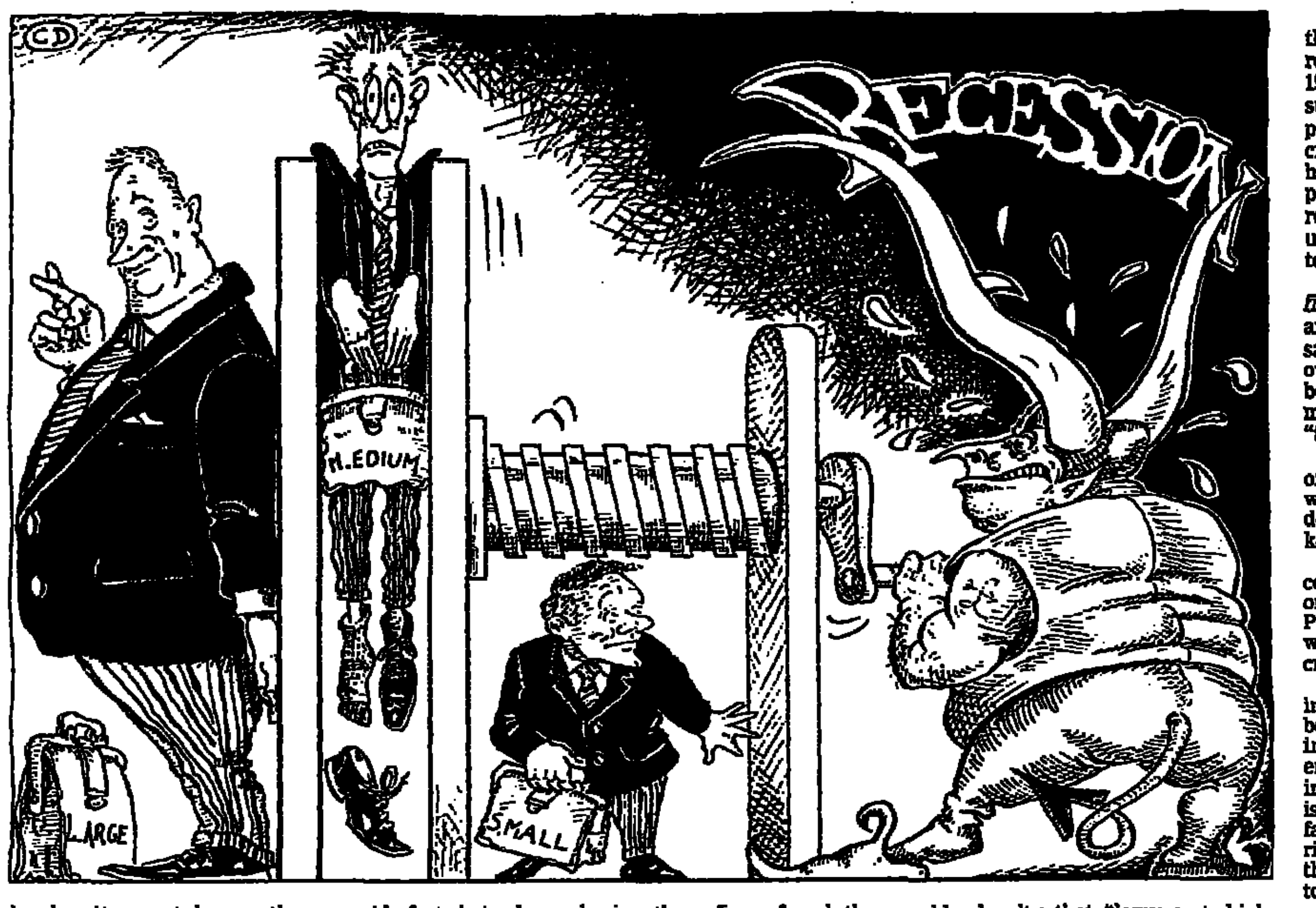
If there is such an animal as a recession-proof profession, the Bar comes pretty close to it.

But are the problems of the rest of the profession caused by the present recession, or has the economic downturn simply highlighted more deep-seated, long-standing problems?

Mr David Andrews, a former City of London solicitor who runs a management and training consultancy for law firms, believes the recession has very little to do with the profession's problems.

He says that much has been written recently about the effects of recession on the profession – and whether larger or smaller firms have been worst affected. Also, whether London or Leeds are suffering more heavily than Bristol and Bradford. There have been lengthy debates as to whether the fall in mergers and acquisitions work has been made up by an increase in insolvency work and commercial litigation. But while this is all very interesting, it is largely irrelevant to the long-term issues facing the profession.

Mr Andrews says that for years law firms have been obsessed with the profit and loss account but have virtually ignored the balance sheet. They have fallen into the most serious pitfall of running a cash business, namely failing to put adequate investment back into the business to develop its asset base – the only recipe for long-term survival.



"Reduction of training and marketing, reduced investment in technology and other overhead savings all serve to reduce knowledge and experience – the first two critical elements of a law firm's balance sheet – and adversely affect a firm's ability to provide a quality service to its client base – the third critical element of the balance sheet," he says.

This is particularly serious at a time when client loyalty is in decline and the only way of strengthening the allegiance of clients is to improve the quality of the service.

Most of the firms that grew so rapidly in size during the late eighties have failed to understand what they have actually done, he says.

"They were motivated by the superficial attractions of growth but ignored the inescapable fact that a larger business can only be sustained by a strong balance sheet. Consequently, today many are having an uncomfortable time. If the recession were to end tomorrow their problems would not be at an end", Mr Andrews says.

His analysis finds support among the large City of London law firms. Mr John Grieves, senior partner of City solicitors Freshfields, says that during the eighties there was an enormous amount of work about and any competent law firm had more than enough to do and could recruit lawyers to do it.

But as the recession began, the abundance of work declined and some firms found they had spread themselves too thinly – they did not have enough expertise across a wide range of practice areas to pick up a large enough share of the available work.

The consequence was that these firms found they could no longer afford the necessary investment in recruitment and training, new technology and overseas expansion.

Mr Grieves and senior partners in other large City of London firms such as Linklaters & Paines, Slaughter and May and Clifford Chance all talk about the emergence of a "virtuous circle" of good-quality business going to good-quality lawyers which in turn brings in more good-quality business, which attracts more good-quality recruits to do it – a modern equivalent of the notion that in times of recession there is a "flight to quality".

This pattern of the available work going to the best quality firms appears to hold good right across the country. According to recent research carried out by management consultancy Competitive Marketing, among 100 top UK companies, there are even signs in these times of dwindling client loyalty that "lower-cost, high-calibre regional firms are posing a serious threat to London's pre-eminence as a provider of corporate advice".

That may be putting it too strongly, particularly bearing in mind that 37 per cent of all solicitors work in London. But there is certainly evidence from research carried out recently by the magazine Legal Business to suggest the performance of top quality firms in the North of England and Scotland has been outstanding over the past year.

Support for the accuracy of the figures given by Legal Business for the profitability of regional law firms – the most profitable being the Leeds firm Hammond Suddards with profits per partner of £167,000 on gross fee revenues of £15.4m – comes from the Centre for Interfirm Comparison which runs an annual performance assessment project among law firms.

Mr Mike Moffatt, director of the law firm project, says early returns for the financial year 1990-91 from firms taking part suggest that firms in the larger provincial centres and especially in the north appear to have "ridden out the recession particularly well." Despite the record number of business failures commercial work appears to have held up, he says.

Looking in general at the financial health of law firms around the country, Mr Moffatt says the worst appears to be over. The laying-off of staff has been done and the results of most firms in the project are "tolerably respectable".

Outside London, the big fall-off in work was two years ago when the bottom fell out of the domestic conveyancing market.

The average firm around the country is not that dependent on commercial work, he says. Provincial firms which have weathered the conveyancing crisis should survive.

Nevertheless, his overall impression is that profits will be lower this year. The growth in revenues has not been enough to compensate for rising costs. Rent for office premises seems to have been a big factor in rising costs and salaries for those who have kept their jobs have also continued to rise.

If the profession has learnt Mr Andrews' lesson of concentrating less on the profit-and-loss account and paying more attention to the balance sheet, it will have survived the recession in relatively good shape.

That will be small consolation to those assistant solicitors who have lost their jobs and those newly-qualified solicitors who are unable to find work. But here, too, there are signs that the worst may be over.

It is noteworthy that the Law Society feels able to axe its recruitment service as part of its £3m package of cuts. Mr Walter Merricks the society's head of communications, believes the recruitment crisis is not as bad as some forecasts have made out.

"We feel the underlying trend is for an increase in demand for lawyers over the decade. There will come a time when firms will be very much looking for staff", he says.

Andrew Jack takes a look at multinational partnerships

Enthusiastic noises

MANCHESTER may seem an unlikely place to hear French spoken, but the message on the answering machine of Pannone March Pearson, a firm of solicitors based in the north-west, is bilingual. It proudly calls itself the leading international firm in the region.

As the deadline approaches for British law firms to begin forming multinational partnerships, many are making enthusiastic noises about the potential for stronger links and mergers overseas – changes that could fundamentally alter the structure of the profession.

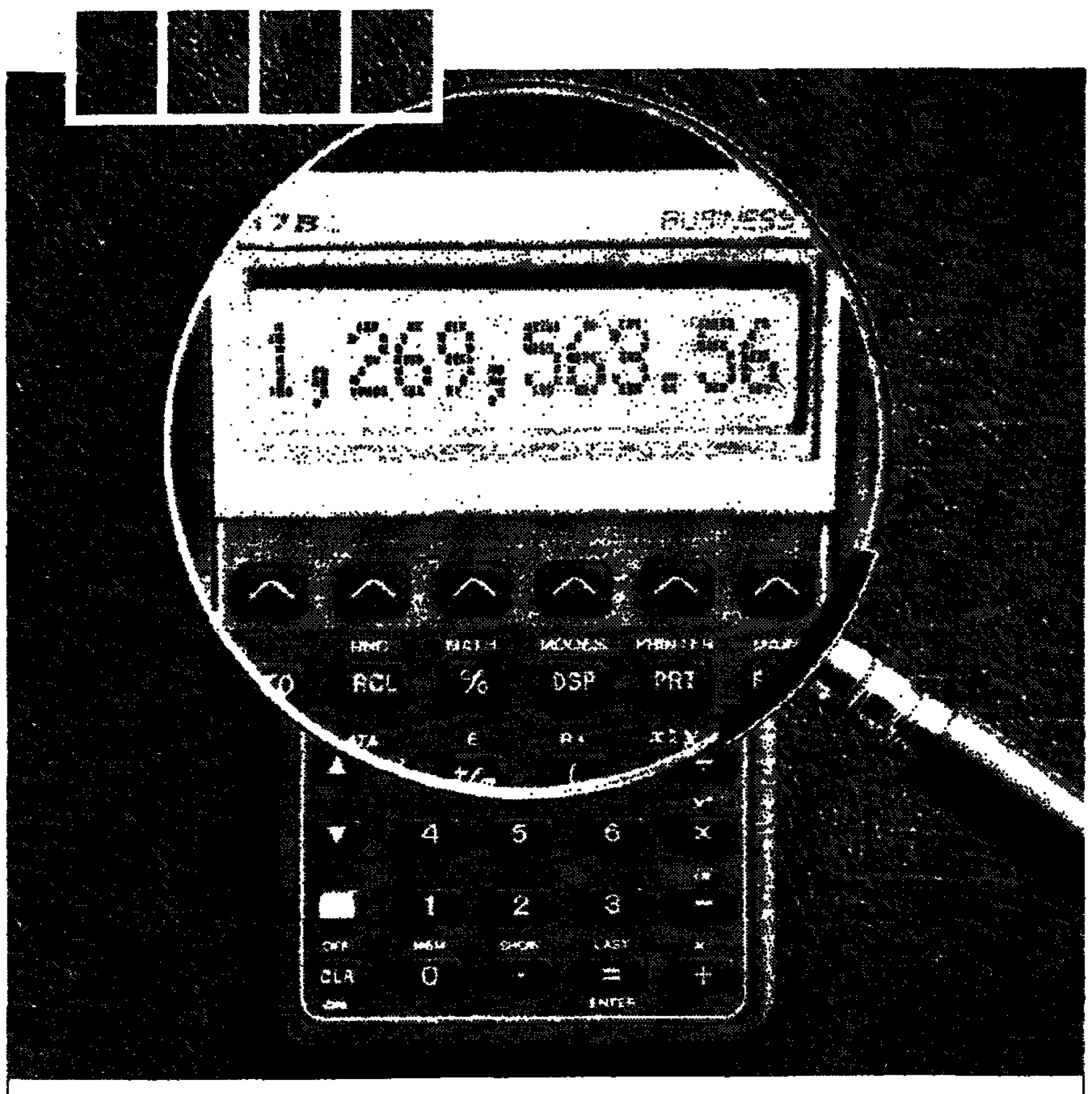
"I would be very surprised if a number of firms didn't make announcements soon," says Mr Malcolm Keogh, a partner at Pannone March Pearson, which formed an association – a European Economic Interest Grouping – with firms in five other countries in November 1988.

"Our philosophy has been to work towards a single merged firm, and bit by bit we're getting closer," he says. The group has created a central library, compatible computing facilities and a joint Brussels office with lawyers from each country. They are considering new links with firms in Eire and Scandinavia.

The 1990 Courts and Legal Services Act set the groundwork for opening up the legal market. Now the regulations of the Law Society have filled out the details. A statutory register for foreign lawyers was launched at the start of this week. On January 1 next year, partners in foreign law firms will be able to attain the status of their equivalents in England and Wales.

Theoretically, law firms will be able to grow in size, resources and capacity by mergers, creating multinational partnerships (MNPs). They will be able to operate smoothly across borders, providing "seamless" services in other jurisdictions and hiring foreign lawyers for work in this country.

Continued on Page 2



There is plenty of work for western lawyers, writes **Celia Hampton**

Unpredictable opportunities

THE opportunities for western lawyers offered by central and eastern Europe are unpredictable. By far the biggest problem of the region is poverty: even the vigorous economies have a per capita GDP of about half that of the poorest member of the European Community. Why should western law firms be drawn to it?

The financial returns on work are not extravagant, but neither are they negative. Commitment and an open mind are as important as legal knowledge. Many firms wish to have a presence in the future Europe where the countries which are now unexpectedly free will also be prosperous and dynamic.

When the region began to change in earnest, the best local lawyers – and those untainted by Communist Party associations – were busy with wills and divorces. While they learned business law (often under the tutelage of western lawyers) and governments began market reforms, experienced foreign lawyers were needed to fill the gap.

As local lawyers become better organised, the opportunities to set up branch offices will dwindle. Working there will pose much the same problems as it does in any foreign country: success will depend on a co-operative approach. For the time being, the post-Communist systems share certain problems, but the common ground will diminish as they go their separate ways.

Warsaw, Prague and Budapest each have a dozen western law firms operating locally through branch offices or exclusive arrangements with local firms. About two thirds of these are of Anglo-Saxon origin. A typical office would seem to consist of a resident foreign lawyer, three local lawyers and visits from head office lawyers as necessary. Once set up, however, the firm's local office operates as a local law firm rather than as a visiting foreign firm.

There is no shortage of legal work for western lawyers. It falls into two broad categories:

- Advice to the government or a state agency on legislation and reform programmes (eg securities markets, anti-monopoly law), which is paid for by various international and national organisations; and
- Regular legal services for companies (sometimes local, but more often foreign) which are in business in the region.

Work in the first category is clearly desirable in the long term, but it is onerous and not particularly well paid. Competitive tendering is almost always required.

If local lawyers join the bidding, unrealistically low bids have been known to drive down the fee. However, it is exceptional for these contracts to be purely legal. For example, a team of banker, accountant and lawyer would be employed for a privatisation project, often under the lead of the investment bank which would then invite tenders from law firms. This generates "development" work in getting to know bankers and accountants.

Having a local office is often a condition of the invitation to tender and a law firm must be capable of assigning as many as 12 lawyers to it for many months. Conflict of interest may also debar the successful bidder from profitable work while it is tied to a state body.

Setting up an office is costly in ready money, but here the cost in partners' time is a particularly heavy drain on resources. Language is essential, along with local know-how and an exemplary degree of patience. Lawyers usually graduate from a hotel bedroom to rooms on loan from a local lawyer, and thence to a fully independent office authorised locally.

The firm plans to extend its already strong presence in Prague and Budapest before the end of the year

The decision to move on to the last stage will not have been taken lightly. The apparently high risk of setting up in the early days was finely assessed. For example, Amhurst Brown Colombotti's Warsaw office opened in April 1990, but the firm already had strong connections with the Polish community in London and the nascent business community in Poland. Other firms, such as Nabarro Nathanson which is busy throughout the region, have set up local offices when they can no longer cope with the volume of work by travelling.

The need for a team of lawyers highlights a paradox of this new practice area: laws dating back before the communist era are all of the civilian family, but law firms in mainland Europe rarely have as many as 100 lawyers, and even such firms cannot readily assign one eighth of their workforce to a long-term project abroad.

This problem has been solved for the 110-lawyer French firm Jeantet & Associates, by its membership of the Alliance of European Law Firms. Mr Francis Louvard, Jeantet's partner who has been an expert in eastern practice for well over a decade, can now rely on the support of a team from the 600-plus French, German, Dutch, Belgian and Spanish lawyers within the Alliance, among whom more than 20 are specialised in east European law.

The firm plans to extend its already strong presence in Prague and Budapest before the end of the year, and will open its first office in the region on November 1 in Warsaw.

The larger US and UK firms have less difficulty meeting the staffing need. But, although the US and UK may provide the model for financial and capital market regulation, and the desire to harmonise with EC law helps, the legal environment is inevitably alien to common lawyers. It seems quite likely that the region will end up with an Israel-style blend of mixed legal traditions.

In the second category of legal work, ordinary business considerations apply. Work for home clients is profitable in the ordinary way, although the client's own lower return on investment may be reflected in fee levels.

No two law firms' experience is identical and it is hard to generalise. A flourishing practice may have developed from small beginnings, often through having an expatriate in the firm or through regular clients who were themselves doing business in the region for the first time.

For example, Lovell White Durrant's Prague office finds that the firm has developed a thriving specialisation in engineering joint ventures. Taylor Joynson Garrett has a growing practice advising medium-sized manufacturing companies on east European business. Law firms such as Norton Rose with a banking clientele find that there is increasing demand for involvement through Soviet loan defaults.

The author is editor of FT East European Business Law and executive editor of FT Business Law Brief

Alan Harper

Budapest has a dozen western law firms operating locally

Andrew Jack takes a look at branch offices in Brussels

Widespread shake-out fears

WHAT DOES every foreign law firm with a Brussels office have in common? Each believes that there will soon be a shake-out, but argues – publicly at least – that it will be among the survivors.

The casual visitor to most lawyers offices in Brussels could certainly be excused for assuming that business is booming. Behind the often bland exteriors are vast entrance halls adorned with fine art, antique furnishings and plush carpets.

But there is also a tremendous sense of empty space amid the drying paint: wide, sweeping staircases; large rooms with half-vacant shelves and ample legroom; high walls broken only by paintings.

Sceptics are now questioning whether many of the multiplying number of foreign law firms have been far too enthusiastic in setting up offices. From a low base in the early 1980s, there are some 35 from Britain alone. Some, particularly from the US, appear already to be diverting resources as they leap onto the next prospective gold rush in eastern Europe.

The high overheads of establishing a Brussels office are clearly evident; the returns are rather more opaque.

"We have to provide a London-style service in microcosm," says Mr John Davies, a partner with Freshfields, which opened an office in Brussels in April 1989. "That includes photocopiers that sing and dance, document dispatch and catering facilities for our clients who are here late at night."

Few practitioners will admit that their firms are not profitable. "Our hours certainly compare very favourably with London," he says. "We are very happy with the way the office is performing financially."

Professor Barry Hawk, partner with Skadden Arps Slate Meagher & Flom, which has already moved to larger premises since opening in Brussels in May 1990, paints a similarly rosy picture. "Putting aside the capital investment, we are billing a lot – above the firm average," he says.

An exception is Mr Vanni Treves, senior partner at Macfarlanes, which has established a joint office with American, French and German firms. "We have a loss-sharing arrangement at the moment," he says.

"We did not open in Brussels with a view to making a profit," he says. "Our clients ultimately required it as an assurance that we could give them quality EC advice. We all resisted for as long as we could."

However, he stresses that he expects the operation to be profitable within a year. At the same time, he believes a number of other firms will soon pack their bags and admit defeat. "There are too many which are losing money," he says. "Combined with a serious economic decline in the UK, I think they will cut their losses."

Walter Oberreit, partner with US-based Cleary Gottlieb Steen & Hamilton, the *doyen* of foreign lawyers in Brussels, has watched arrivals and departures of rival firms since he first came to the city in 1966. "Some are clearly struggling now," he says. "There must be a shake-out soon. But they will wait till they think they can tiptoe out."

His view is shared by Mr Ulick Bourke, partner in charge of the Brussels office of Clifford Chance, which has been in operation since 1960. "We welcome the competition from the new firms, but it is probably not sustainable," he says. "I'm glad we have an established practice."

He admits that growth has "paused" recently, partly because new entrants have been undercutting in order to gain business. But he adds: "We are very satisfied with our performance. We regard the Brussels operation as essential."

Mr Colm MacEochaidh, head of the Law Society's satellite office in Brussels, is more bullish. "Business hasn't reached a plateau. We are still in the hills," he says. "A number of firms gave themselves four years to be profitable and have done it in two. They feel they are here for the long haul."

"The view from the UK is coloured by the anti-EC political climate and the recession," he argues. "Here things have been expanding. As the EC institutions gain confidence, they will acquire more regulatory control."

The EC will still continue to pass laws, and many expect new growth areas

There are certainly questions over how productive those firms with a single Brussels lawyer can be, and whether the greatest benefit is to have the city's name on the corporate letterhead. Favourites on the hit lists for earlier departure are offices which principally claim to be "lobbying" or "monitoring" EC developments.

Even the most well established firms are not reliant on EC work. Both Skadden Arps and Cleary Gottlieb estimate that only one-third to 40 per cent of their revenues come from EC-related billing: a combination of competition and trade law. General international transactions and even local cases are also highly significant.

Others attempt to dodge the question of the profitability of their Brussels office by refusing to treat it as a cost centre. Mr Leonard Hawkes, for example, resident lawyer for S J Berwin, a firm of solicitors with an international outlook, will not be drawn on the issue. "The reality is this office is integrated with London into our EC group," he says.

Mr Robert Paul, partner in charge of Kelly Drye and Warren, says: "At some point there will probably be a shake out. But a small Brussels office is not a major monetary cost. It would look awfully foolish to turn tail and run before the end of 1992."

After 1992, however, with the great mass of EC legislation in place, much work is likely to shift back to individual member states, for both litigation and enforcement.

Some people have also raised the fear that local Brussels firms may eventually begin to object to the encroachment of foreign firms on their patch, and try to limit their operations.

On the other hand, the EC will still continue to pass laws, and many expect new growth areas such as environmental issues to provide additional work.

Mr Philip Bentley, resident partner for Stanbrook and Hooper, a firm of barristers with an international network of associates, suggests that the mood may be swinging back from the Community as "referee" to "regulator". Where it has been simply removing barriers to trade and allowing competition to select the best products and services, it is now drifting towards drafting detailed rules on everything.

Ms Diana Good, a partner with Linklaters, believes there will be "an expanding pie of EC work" as clients wake up to the potential of the single European market. She says there will always be a need for a Brussels presence for convenience and to sustain personal contacts.

There may well be rich pickings for the firms which survive the next two or three years.

Enthusiastic noises

Continued from Page 1

"It is a very fundamental change," says Mrs Fiona Woolf, a partner with McKenna & Co and chairman of the International Committee of the Law Society. "The English legal profession is relatively slow to jump on new opportunities but I genuinely believe this is the way legal practice needs to go. I'm aware of quite a head of steam. I would be very surprised if most big firms haven't got some plans."

One firm already on record to form an MNP at the start of next year is Beharrell Thompson, which will merge with US-based Coudert Brothers. "The law is no longer a domestic issue but an international issue with some domestic elements," says Mr Stephen Beharrell. "We will be able to draw on the experience of lawyers from various jurisdictions."

However, Beharrell Thompson is a special case. Mr Stephen Beharrell and Mr Hugh Thompson, his fellow partner, were both head-hunted from existing firms by Coudert last year expressly to set up a practice and prepare the way for the firm to expand into the UK once restrictions were lifted.

Most other firms that have been tipped to merge, generally with large US partnerships, tend to react somewhere on a scale between coyness and outright denial. Even Mr Beharrell says: "I suspect there will probably not be many others."

US-based Weil, Gotshal and Manges announced a "formal association" with Nabarro Nathanson in February 1990, but Mr Peter Standish, the firm's resident partner in London, stresses: "We have an established relationship and a compatible style which allows us to grow and work together, develop business and expand our range and geographical access. But we have no plans for a merger."

Many expect January 1, 1992 to go with more of a fizzle than a fanfare for lawyers. Macfarlanes, for example, has an association with O'Melveny and Myers in the US, Siméon and Associés in France and Nōor, Stiefenhoffer and Lutz in Germany. The firms jointly run a Brussels office, and refer work to each other, in a relationship that some have suggested could become more comprehensive next year.

However, Mr Vanni Treves, senior partner at Macfarlanes, says: "There has been tremendous talk but I believe few firms will form MNPs. There is no secret agenda for us. All the firms we work with are fiercely independent. There are no plans to do anything approaching a merger. Our association is a way of achieving things we can do together while maintaining our independence."

The pace of "merger mania" has begun to slow

He argues that the impetus for MNPs has not come from law firms themselves, and is more a reflection of three external factors: pressure from the Office of Fair Trading to liberalise the legal profession; the general Thatcherite political climate for deregulation; and some misplaced feelings that lawyers should ape accountants and move towards international mergers.

Mrs Woolf believes that things will move slowly, probably beginning with loose associations, and the recruitment of a few foreign lawyers to existing practices before most would contemplate moving towards full-scale mergers.

Partly, British firms may be concerned about being swamped by overseas partners. "There are major problems of culture and approach," says Mr Treves. "The scope for effective competition with local firms is also pretty small. We believe it is better to work with established firms in an area with an existing strong reputation."

Some worry that mergers with an overseas firm would kill off referrals from any of its competitors in that country, although it is questionable so far both how much work comes from referral, and how far firms in associations are already tarred with the same brush.

At the same time, there is some evidence that the pace of "merger mania" even within the US has begun to slow as firms appreciate the tremendous difficulties in combining separate, established partnerships from different regions.

There are also still logistical problems to overcome. Pannone March Pearson will not yet merge with its European partners despite its enthusiasm, because restrictions remain: the regulations of some of the more conservative jurisdictions prevent partnership with firms in Italy and Spain, for instance.

The Law Society's regulations also do not distinguish between British and foreign law firms registering in the UK. While a British firm taking on a few foreign partners will incur relatively small costs, a large US practice attempting to register all its partners in the UK will face a huge bill for registration and indemnity contributions. They may instead set up small "parallel partnerships" to get around the regulations.

Nevertheless, Mr Michael Reynolds, a partner with Allen & Overy, suggests that if even one big firm enters into an MNP next year, it will soon bring others under pressure to follow suit.

James Morton reports on Alternative Dispute Resolution

The height of legal fashion

LAST YEAR, central London law firms reported an average 13 per cent rise in litigation work. With a commercial case taking up to four years from issue of the writ to hearing and with costs in even fairly modest claims running into six figures, more and more companies and their advisors are turning away from traditional litigation to solve their disputes.

There is a growing feeling that for many lawyers litigation has become a game, played by the rules of course, but where the game has become more important than the consequences. In the end, 95 per cent of cases settle – albeit often at the doors of the court.

This pressure from clients to find a quicker, more cost-effective and efficient way of solving commercial disputes has made Alternative Dispute Resolution (ADR) the height of fashion in the legal world at least for the moment.

But is it all that it is cracked up to be? Given the high percentage of cases that are settled before they get to court isn't ADR something already practised by lawyers? Is it really anything new? Opinions among lawyers differ considerably: "It is astonishing that more lawyers do not look for earlier opportunities to achieve settlement and, indeed, that their clients do not demand this from them", says Mr Peter Rees, construction partner at City solicitors Norton Rose.

The counter-argument to this comes from Mr John Bolton of City solicitors Davis Arnold and Cooper: "Unfortunately, a party who proposes the use of ADR is sometimes viewed as displaying a sign of weakness", he says.

Whether or not ADR is viewed as something new rather depends on how it is defined. "It is a procedure, alternative to litigation and arbitration, to facilitate a streamlined settlement of disputes", says Mr Tony Bunch, head of the ADR unit at City solicitors Masons.

Not all lawyers agree. "The concept is best expressed by a continuum with negotiation at one end and litigation at the other", says Mr Eddie Sibley of Berwin Leighton.

For some it is only the negotiations towards a settlement without a judgment.

"It is really a movable feast", says Lista Cannon of Boodle Hatfield. "We practice it every day anyway, but we are not active in any ADR groups. ADR should be on a lawyer's list to be checked off before litigation is commenced".

In more formal surroundings, ADR, which began in the Far East and in America in the 1970s and where there has been massive growth in this spin-off industry, can take almost any shape the parties want.

"It's whatever the parties sitting round a table will agree the animal is and how to dissect it", says Cannon. That dissection can end up as negotiation, mediation, conciliation, mini-trial, summary jury trial and court-annexed arbitration. The results can be binding or non-binding as the parties agree.

Many lawyers feel that at present ADR is something of a damp squib

There is no doubt that in America, where the costs of a case are not generally awarded to the winning side, there is a great incentive to avoid formal litigation. But will ADR succeed in the UK where, generally speaking, the loser pays the winner's costs?

Supporters of the concept argue that it does save time and costs and that there is continuity – frequently one, if not both, of the parties to the litigation will want to maintain a business relationship with the other – and ADR is seen as less harmful. The process can also be used to save a company which on a judgment would go to the wall.

Top management will be brought in at an early stage and so eliminate the squabbling of junior executives anxious to have it proved that the mistake made over the contract is not theirs.

In addition, in ADR the parties have greater control over the proceedings and the forum itself is less frightening than the trappings of a court. There is less likelihood of adverse publicity for the loser – or the winner. Moreover it does bring early settlements.

All those seem to be telling points in favour of ADR. But, opponents argue, it can be costly. Top arbitrators, or negotiators charge up to £2,000 a day. One ADR scheme dealing exclusively with personal injury claims without an oral hearing charges £1,000 for a written opinion from the arbitrator. Some arbitrators seek a percentage of a settlement fee if a hearing is cancelled.

For the moment the courts and judges are at least free even if the Master of the Rolls, Lord Donaldson, would like to see a direct charge made for their use in commercial cases. But perhaps critics forget the cost of a conference with a top QC let alone his brief fee in a three-week trial.

But critics argue it is not just a question of cost. There is also the problem of a lack of control by the negotiator. In ADR it is not uncommon for parties to disclose only the documents in their favour and hide away those which will damage their claim.

But is ADR only for the high and the mighty? Certainly there is a feeling that it is best suited to substantial commercial and technical claims. In the latter, the arbitrator chosen will be a person with considerable technical expertise; something a judge may lack.

Lower down the rungs of the litigation ladder, Mr Richard Langton of Russell Jones and Walker thinks that with the jurisdiction of the county courts being extended to deal with all personal injury cases involving claims up to £50,000 in order to relieve the pressure on the High Court, there is a danger that the county court simply will not be able to cope with the volume of cases.

"If nothing is done, the county court will become a forum in which it is almost impossible for the personal injury litigator to operate", he says. Yet there has been a slow take-up for the services of Arbitration Forum Ltd, set up in April to deal with personal injury claims.

"The actual follow-through to cases referred has been a disappointment. That the public would like their compensation claims settled quickly and cheaply is beyond question", says Mr Douglas Stewart, one of the founders. "The interesting question is why the profession is not encouraging large numbers of accident victims to take advantage of the arbitration scheme".

Many lawyers, including Mr Alan Hart of City solicitors Theodore Goddard, feel that at present ADR is something of a damp squib. "What is needed in this country for ADR to take off successfully is for a few leading companies to stick rigidly to ADR procedures and show it can be successful".

But is there already a backlash against the use of lawyers in arbitration which may spread to other forms of ADR? Many parties bound by arbitration clauses blame the presence of lawyers for its slower pace. "There are no winners in litigation or arbitration", says Dr Julian Lew, arbitration partner of S J Berwin & Co. "The parties never recover all their costs, lost management time and all their expenses. The only real winners are the lawyers!"

There is a feeling that while ADR has much to commend it some lawyers are not referring matters to such organisations as the Centre for Dispute Resolution – a non profit-making organisation supported by industry and professional advisers – for fear of a drop in income. Costs have always been a powerful card in the hand of the litigator. Without the threat of having to pay the other side's costs in ADR, it is seen as unable to concentrate the minds of a foot-dragging opponent.

The consensus of opinion might agree that ADR in Britain has a long way to go before it becomes an acceptable forum. Certainly the more formal aspects must be given teeth to bite the dilatory and the dishonest.

But as Mr Hart says: "Eventually, with the right marketing and support from industry, ADR will take off here. Those companies and practices who have not acquired knowledge and experience during the period of genesis will find themselves at a substantial disadvantage".

Ashley Ashwood

Hong Kong: Alternative Dispute Resolution (ADR) began in the Far East in the 1970s

Howard Pifer examines the role of the economist

Traditional suspicion

TRADITIONALLY, the use of economists as expert witnesses in commercial cases has been viewed with some suspicion by UK litigators, who prefer to rely on accountants for all things financial.

Not surprisingly, the litigation support departments of the large accountancy firms (or forensic accountants as many of them now like to be known) welcome this monopoly of the hearts and minds of commercial litigators.

In the US, however, the experience of litigators is very different, to the extent that they have become pioneers of the study of law and economics.

The popular image of the economist as one who forecasts the end of the recession (and gets it wrong) is not relevant here.

In the context of commercial litigation, it is the behaviour of businesses, their suppliers or their customers or, perhaps, their investors that is usually at issue.

Advice from professional advisers who are used to solving practical business problems can be essential, as litigators on both sides of the Atlantic know only too well.

The principles of business economics (which economists call microeconomics) articulate surprisingly well with jurisprudence.

The role of the economist in commercial litigation is to analyse potentially complex financial data in a manner which assists the court.

Patent infringement cases provide a useful and interesting example of the use of economics in commercial litigation.

For example, my own firm Putnam Hayes & Bartlett, economic and management counsel, was recently involved in the multi-billion-dollar action brought by Polaroid against Kodak in the US, in which economic evidence was central to the calculation of damages.

The patentee usually likes to claim that every one of the infringing items sold by the infringer was a sale "stolen" from the patentee.

Typically, he also likes to claim "price suppression" – that is, that the infringer's presence in the market interfered with the patentee's protected monopoly and prevented the patentee from charging higher prices than it actually did.

In short, the claim is based on price and quantity, two of the staples of the economist's traditional diet.

As any consumer knows, price and quantity are closely related. The higher the price charged, the lower the level of sales as some customers are deterred from buying the product and/or others buy less of it.

The analysis needed to determine this relationship (which economists call the price elasticity of demand) can be extensive and sometimes complex, but the results are easily understandable to the advocate, judge and (in the US) the jury.

For example, for every 1 per cent increase in the price, a 2 per cent fall in demand may be estimated to follow (an elasticity of 2).

So the producer would actually generate lower sales from putting the price up.

But the producer would also save some costs as a result of the reduced sales, so he could still be better off overall. It is the producer's loss of profits that matter. So we need to consider his costs as well as his sales.

The accountant – if there is one on the litigation team – will be able to assist here.

The existing costs can be extrapolated by the accountant (or in some cases just as easily by the economist) to show the position under alternative scenarios. So we have the three ingredients – price, quantity and cost – from which to calculate the patentee's profits as they would have been in the absence of the infringement.

The economist cannot say with absolute certainty how much profit was lost. But he can identify the range within which the loss falls and estimate, on the balance of probabilities, how much the loss was.

Investors may claim damages caused by a misrepresentation or non-disclosure which affects the price

Other factors may also play a part. For example, the infringer may be a recognised market leader jumping onto the bandwagon started by a novel invention.

Factors such as brand name, customer loyalty, manufacturing capacity and advertising spend, may have contributed to the infringer's market share with the result that the infringer sold more of the product than the patentee could have sold himself. So economic market studies can also be a helpful input to the calculation of damages.

In a completely different sphere of commercial dispute – securities litigation – the economist has a vital role to play.

Securities litigation is more common in the US than it is in the UK, although there are some recent signs of an increase in activity in this area in Britain following the introduction of the Financial Services Act regime 1987 and the mergers and acquisitions boom in the second half of the 1980s.

A recurrent problem in the US is securities fraud cases brought under Rule 10b-5, related to the Securities Exchange Act of 1934. Under this rule, investors may claim damages caused by a misrepresentation or non-disclosure which affects the price of a share.

For example, an investor may buy shares that are overpriced as a result of misleading information. The loss is suffered when the share price falls once more accurate information becomes known.

The role of the economist in such cases is to analyse the company's stock price so as to separate out the impact of general market and industry conditions from company-specific information. The market analysis compares the company's share price with the price of similar companies in its industry to determine whether movements in the company's stock price were related to specific events which had nothing to do with the allegedly misleading information published by the company.

The company analysis is designed to demonstrate the effects of a company's financial disclosures on its stock price.

These analyses provide a basis for determining an appropriate damage period and the effect, or lack thereof, of specific actions on the share price.

Interestingly, a number of courts in the US have held that it is not necessary for the investor to have relied specifically on the misleading information in order to claim damages.

In the case of Blackie v Barrack, the US court said that an efficient stock market quickly reflects all available information so an investor "relies generally on the supposition that the market price is validly set and that no unsuspected manipulation has artificially inflated the price, and thus whether he is aware of it or not, the price he pays reflects the material misrepresentations."

This is good economics, and the US courts recognise it as such, although it probably takes causation rather further than the British courts would comfortably go at present without the assistance of legislation.

Aluminium consolidates price gains on output cuts

By **Kenneth Gooding**, Mining Correspondent

A NERVOUS and volatile aluminium market yesterday consolidated gains made after Alcan of Canada, the world's second-largest producer outside the former Soviet Union, announced on Wednesday substantial cuts in output.

Prices on the London Metal Exchange were moving up or down by $50 a tonne in as little as 30 minutes. At one stage yesterday, aluminium for delivery in three months reached $1,250 a tonne.

At the close, however, the three-month price was $1,237.75 a tonne, up $13.25, and cash aluminium ended $13.50 a tonne ahead at $1,209.50.

Sentiment was helped to some extent by news that 450 employees at Comalco's Boyne Island smelter in Queensland, Australia, had walked out on indefinite strike. However, there have been previous short strikes at the smelter and so far the management had has so far kept output at the normal rate of 230,000 tonnes a year.

Meanwhile, the Argentine company, Aluar, implemented its promised 9 per cent cut in output at its only smelter, which usually produces 171,000 tonnes a year.

Analysts suggest, however, that further cuts in output on top of the 600,000 tonnes already planned are needed before prices show a sustained rise. Mr Robin Bhar of Carr Kitcat & Aitken, part of the Banque Indosuez Group, said: "We need one or two more smelters to be shut down – another 200,000 tonnes of capacity to go out. That would allow the market to move higher".

Trading on Moscow oil exchange opens

By **Gillian Tett** in Moscow

THE FIRST Soviet state commodity exchange for oil opened this week in Moscow.

The Moscow Oil Exchange marks the first attempt by the Russian government to compete with the private Soviet shareholding oil exchanges that have been trading since the middle of this year.

The new exchange, which has 23 brokers, is orientated towards both domestic Soviet trading and oil exports.

Twenty of the 160 shares will be offered to western customers, each at a price of $75,000. Three of these shares have been bought by German and US companies. Soviet shareholders include the Russian Oil and Gas Corporation, the Russian Fuel and Energy Ministry and Soviet oil enterprises.

During the first day's trading, on Wednesday, 290,000 tonnes of oil were sold, with 200,000 tonnes for export, at an average price of $130 a tonne. Buyers for the export market included both Soviet export companies and western corporations.

Oil sold to Soviet customers traded at a price of Rbs800 a tonne – on a par with other private commodity exchanges, such as the Tyumen Commodity Exchange in Siberia, but significantly higher than the low official state oil price, currently Rbs70 a tonne.

However, Mr Ivan Gubinko, president of the Moscow Oil Exchange, predicted that the free rouble price of oil would rise rapidly, possibly to Rbs9,000 by early next year. "This could be equivalent to world oil prices", Mr Gubinko said.

He attributed this projected rise to the overall drop in Soviet oil production and the Russian government's plans to raise the state oil price next year.

Mr Gubinko also pointed out that Russian oil enterprises, which are at present only permitted to sell a limited proportion – between 10 and 20 per cent – of their oil on commodity exchanges, would enjoy greater freedom to sell their oil on these exchanges next year.

"We are setting up this exchange to boost Russia's oil industry", he said, claiming that the government ministries needed to become involved in private oil exchanges to "lend our experience" in the privatisation process.

Norwegian output rises to record

NORWAY'S NORTH Sea oil production rose to a record 2.11m barrels a day (b/d) in September as the Oseberg C platform came on stream and existing fields pumped more than ever, reports Reuters from Oslo. August output was down sharply to 1.44m b/d because of maintenance. In July, 1.84m b/d were pumped.

Statoil, the state oil corporation, said its Gullfaks field had pumped a record 392,981 b/d. "We are ahead of schedule", said company spokesman Mr Arild Steine, who added that Statoil had overcome difficulties at Gullfaks. "One week ago, we had a daily output of 419,000 barrels", he said.

Norsk Hydro's new Oseberg field and Oseberg C platform, which came on stream on September 2, pumped 65,082 b/d. The field will rise to full capacity at 110,000 b/d late this year.

From September 1, Norway also got 1.15 per cent more oil from the huge Statfjord field, which straddles the Norwegian and UK North Sea sectors.

Talks on redefining the Norwegian and UK stakes in Statfjord began in 1985. A legal ruling decided Norway's new share would be 85.24 per cent and Britain's 14.76 per cent.

Chicago launches fertiliser futures

THE CHICAGO Board of Trade, the world's largest futures exchange, launches its first fertiliser futures contract today, writes Barbara Durr in Chicago. The contract is for diammonium phosphate (DAP), a solid granular fertiliser that is widely used for grains and has an estimated $2.5bn annual market.

The US is the world's largest DAP producer and holds 70 per cent of the world market. China and India are the world's largest importers.

CBoT officials said that the industry had sought the contract partly to help establish prices. Price information from the main cash market in central Florida, where most DAP is produced, is poor.

As with other new financial futures contracts, the CBoT is using a product sponsor system to help raise activity. Product sponsors receive reductions on exchange fees in return for acting as market makers. Cargill Investor Services and O'Connor are the sponsors for DAP.

A second CBoT fertiliser contract, for anhydrous ammonia, a nitrogen fertiliser product, awaits approval by the Commodity Futures Trading Commission, the US futures industry watchdog. Exchange officials said they hoped trading could start in the first quarter of 1992.

● Mr Martin Greenberg, chairman of the New York Commodity Exchange (Comex), the main precious metals market, announced yesterday that he would not seek re-election when his present term expires in March.

FAO puts pest management to the fore

David Blackwell on how the UN body is responding to criticism from ecologists

THE UNITED Nations Food and Agricultural Organisation, which has come under heavy this year from ecologists, appears to be trying to adopt a greener image.

It claims as a major success its programme for integrated pest management in rice. This aims to educate farmers in the way rice grows so that they can sharply reduce the amount of pesticides applied, leaving natural predators to keep their crop healthy.

Mr Peter Kenmore, a co-ordinator for the programme, told a recent seminar on agriculture and the environment at the FAO's Rome headquarters that farmers taught to manage their crop in this way were able to reduce environmental pollution at the same time as raising yields. They were able to earn more through greater productivity and cost reductions.

"We are replacing chemical technology with management skills", he said. "We are replacing 19th century technology – chemistry – with 20th century technology – information."

Such knowledge was important not only for self-sufficiency and wealth creation, but also to guard against misuse of chemicals, which can lead to poisoning. Mr Kenmore said around 20m people in Third World countries were affected by chemical poisoning each year.

The programme's biggest success has been in Indonesia, the world's third-largest rice growing country, where the FAO has worked closely with the government. In the first year of operation pesticide use was cut by 65 per cent, while yields continued to rise. Mr Kenmore claims that rice production and pesticide use have now been separated.

In Indonesia, the FAO has helped cut pesticide use in rice farming by 65 per cent

To put the programme in perspective, however, it should be noted that the world market for pesticides is around $20bn a year and the industry spends $1.7bn a year on research and development. The FAO's agricultural research budget for last year was $245m out of a total annual budget of $600m. The rice insecticide market for the nine main producer countries is $350m, and in 1988 companies spent $55m on advertising. In contrast, the FAO's total annual field eduction budget is $2.5m.

Further, integrated pest management for rice, let alone other crops, still has a long way to go. Mr Kenmore pointed out that while 82 per cent of rice is grown in countries that are members of the integrated pest management scheme, the FAO had reached only 500,000 out of 120m rice farmers – "a drop in the bucket".

More research has been carried out on rice than on any other staple food crop. Mr Nicolaas van der Graaff, head of the FAO plant protection service, said the programme had been going for 10 years, but the initial meeting over rice took place in 1965, only two years after Rachel Carson's book *Silent Spring* sparked world concern over the environment. While it was untrue to suggest that the FAO had neglected the pesticide problem, Mr van der Graaff admitted it might not have been given sufficient attention.

The "green revolution" that has dramatically increased rice yields relies on the use of fertilisers. But, while there is a problem of nitrogen pollution from fertiliser use in developed countries, these nations face an ecological risk of soil destruction through the depletion of plant nutrients, owing to the lack of fertiliser.

Mr Alain Angé, chief of the FAO fertiliser and plant nutrition service, said that the high cost of fertilisers compared with the cost of labour in developing countries meant that sustainable farming systems required the maximum use of recycled nutrients within the farm, with the minimum amount of bought-in fertiliser.

Insufficient use of fertilisers in Africa was both institutional and economic, Mr Hartwig de Haen, assistant director general of the FAO agriculture department said. African farmers knew they had too little fertiliser, but there was a lack of animals to produce organic matter and chemical fertilisers were too expensive.

Trials had shown it was profitable to apply fertiliser, but African markets did not function in bringing fertiliser in at the right time. The continent also had very few production plants.

"We are concerned with lack of investment in fertiliser plants in those countries where we can see they need them and the soil needs building up", said Mr de Haen.

In most African countries the application of fertiliser was below what was known to be needed to replenish the soil. But in the Kenyan port of Mombasa, for example, fertilisers were twice as expensive as in Rotterdam and even more costly inland.

Mr Angé called for the adoption of an integrated plant nutrition system, and the FAO says trials and fieldwork on such a system are receiving priority. However, funds for such programmes are tiny compared with the overall FAO budget, which allows $8m for all work on plant nutrition.

Venezuela seeks new investment in mining

By **Kenneth Gooding**

VENEZUELA'S COAL and gold output should be the first to benefit from changes being implemented by the government to encourage foreign investment in mining, Mr Francisco Gutiérrez, director-general of Venezuela's mines and geology sector, told institutional investors in London this week.

Coal production – all for export – is set to rise from 2m tonnes this year to 3m tonnes in 1992, he said. Companies actively seeking more coal in Venezuela included Gold Fields Mining Corporation, a subsidiary of Hanson, the Anglo-American conglomerate, and Peabody Coal, another of Hanson's US offshoots.

The Young Group of the UK recently started up Venezuela's sole underground coal mine. Other foreign companies active in the coal sector include the Royal Dutch Shell group; Eni, the state-owned Italian group; and Mitsubishi of Japan.

Hanson's GFMC was also looking for gold. Venezuela's gold reserves are estimated at 11.5m troy ounces (about 357.7 tonnes), the largest in Latin America.

Mr Gutiérrez said the use of modern technology might increase gold output to 40 tonnes by 1993, compared with the present government target of 20 tonnes. Last year production was officially put at 14 tonnes but was probably 40 per cent higher.

Mining has taken a back seat to oil and gas in Venezuela since the government decided in 1975 to concentrate on energy. At the same time, the mining industry was nationalised.

Although gold, bauxite and iron ore dominate mining production, Mr Gutiérrez pointed out that many other minerals had already been identified in his country. For example, Jordex, a North American group, had just been granted concessions for what that company believes to be a world-class, low-cost nickel deposit, while Cominco of Canada was exploring for zinc and lead.

Changes made by Venezuela to encourage foreign investment in mining included a reduction in corporation tax from 64 per cent to 30 per cent (20 per cent for small companies). Bureaucratic procedures were being eased so that the process of winning mining concessions from the government would be cut from between two and six years to four to six months, said Mr Gutiérrez.

Repatriation of all earnings and capital was permitted and import duties on mining equipment had been removed. Equipment could be taken out of the country again when no longer needed.

Venezuela's geology had been extensively surveyed and full details of this and other essential information were being put on to a computer database to help mining companies.

The removal of wildcat miners from Indian land in Brazil's remote Amazon has led to two shoot-outs, turning the atmosphere in the area very tense, the head of the government's Indian agency said, Reuters reports from Brasilia.

"It is an atmosphere of war", said National Indian Foundation president Mr Sidney Possuelo.

Since July the agency and the police have removed about 4,000 unlicensed miners, known as garimpeiros, from Indian territory near the Venezuela border. Mr Possuelo estimated about 300 miners remained in the area.

Study forecasts drop in zinc consumption

By **Kenneth Gooding**

ZINC CONSUMPTION this year will be below the 5.24m tonnes recorded in 1990, while production will advance to 5.35m tonnes, says the International Lead and Zinc Study Group. A rise of 4 per cent in consumption next year should produce a gradual improvement in the demand-supply balance, but mainly during the second half.

Lead consumption is predicted to be 4.39m tonnes this year compared with 4.44m tonnes in 1990, but this is forecast to rise by nearly 4 per cent to 4.55m tonnes in 1992.

Production is likely to be similar to demand this year, but the study group expects a rise in 1992. Meanwhile, imports from the former Eastern bloc countries remain substantial and are helping to keep prices low.

WORLD COMMODITIES PRICES

MARKET REPORT

Fresh 18-month lows were reached in the London Metal exchange nickel market yesterday as the breach of a support level sparked widespread commission house and stop-loss selling. Dealers also noted that the absence of the Chinese buying that had recently been absorbing selling played a part in the fall, which saw the three months position close just above its low at $7,405 a tonne, down $92.50 on the day. Meanwhile copper prices continued this week's uptrend, though the pace slowed further. The three months LME price closed £2.75 up on the day at £1,363. 75 a tonne, taking the rise since Monday's close to £13.75. Dealers said the market was underpinned by supply tightness for November delivery. There had been talk of an accident at a Chile copper mine, but after the market closed news emerged of a rock-slide at the 76,000 tonne a year Mantos Blancos mine. However, production was unaffected. Also after the market closed news emerged that labour talks at Canada's Highland Valley had been suspended. At the London Futures and Options Exchange the coffee market build on Wednesday's advance to break through upside resistance and the January position closed £12 up £564 a tonne.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$18.85-8.90z	-0.10
Brent Blend (dated)	$22.75-2.85	-0.25
Brent Blend (Dec)	$22.30-2.40	+0.30
W.T.I. (1 pm est)	$23.50-3.60z	-0.15
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$234-236	
Gas Oil	$225-226	+2.5
Heavy Fuel Oil	$83-85	
Naphtha	$221-225	+4
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$358.5	+1.225
Silver (per troy oz)♣	409.5c	-1.0
Platinum (per troy oz)	$367.0	+2.5
Palladium (per troy oz)	$85.5	+0.5
Copper (US Producer)	109.78c	+0.13
Lead (US Producer)	37.02c	-1.06
Tin (Kuala Lumpur market)	14.92r	+0.07
Tin (New York)	280.0c	+2
Zinc (US Prime Western)	92.0c	
Cattle (live weight)†	103.99	-0.97*
Sheep (dead weight)†	108.08p	-0.89*
Pigs (live weight)†	72.95p	+0.98*
London daily sugar (raw)	$298.5	+3.5
London daily sugar (white)	$289.0	+2.5
Tate and Lyle export price	£248.5	+2.0
Barley (English feed)	117.0	
Maize (US No. 3 yellow)	£140.0	
Wheat (US Dark Northern)	£101	
Rubber (Nov)♥	54.25p	-0.50
Rubber (Dec)♥	53.75p	-0.50
Rubber (KL RSS No 1 Nov)	229.0m	-1.5
Coconut oil (Philippines)§	$530y	-10
Palm Oil (Malaysian)§	$342.5u	
Copra (Philippines)§	$362.5	
Soyabeans (US)	£152	+1.0
Cotton "A" Index	67.85c	+0.05
Wooltops (64s Super)	335p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Jan t-Sep/Dec u-Oct/Dec x-Sep/Oct y-Nov/Dec z-Dec |-Oct/Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Dec	189.00	188.00	193.00	
Mar	192.40	194.00	194.00	192.40
May	191.00	195.00	193.00	189.60
Aug	194.00		196.60	
Oct	200.00		195.60	
White	Close	Previous	High/Low	
Dec	285.5	285.0	285.0	282.5
Mar	281.5	281.0	282.0	279.9
May	282.0	281.5	280.0	

Turnover: Raw 417 (760) lots of 50 tonnes. White 1049 (1609)
Paris- White (FFr per tonne): Dec 1680, Mar 1654

CRUDE OIL – IPE			$/barrel	
	Close	Previous	High/Low	
Dec	22.42	22.17	22.46	22.15
Jan	22.09	21.88	22.10	21.96
Feb	21.72	21.50	21.75	21.62
Mar	21.35	21.13	21.40	21.31
Apr	20.98	20.80	21.10	21.08
May	20.70		20.85	20.70
IPE Index	22.71	22.58		

Turnover 22216 (43970)

GAS OIL – IPE			$/tonne	
	Close	Previous	High/Low	
Nov	223.00	220.00	223.00	218.75
Dec	222.75	220.50	223.00	219.00
Jan	219.75	217.25	219.75	216.00
Feb	211.00	209.00	211.50	209.50
Mar	202.00	200.00	202.50	200.00
Apr	194.75	193.25	195.00	194.75
May	188.00	186.00	188.00	188.00

Turnover 16030 (21535) lots of 100 tonnes

FRUIT & VEGETABLES
Homegrown Spartan apples are superb value this week at 35-45p a lb (40-45p).Other good apple varieties are English Cox at 50-75p a lb (60-65p), French Golden Delicious at 50-60p a lb (50-75p). Juicy Thompson seedless grapes at 75-90p a lb (75-80p) are a good fruit buy, along with bananas at 42-60p a lb (42-60p). Top quality, homegrown leeks are in the shops this week at 40-50p a lb (55-60p). Sweetcorn at 28-40p per cob (25-45p) remain a good buy, together with cauliflower at 30-45p each (45-50p). Beetroot at 40-45p a lb (35-50p) for ready cooked, 20-25p a lb (20-25p) for raw and 40-50p for an 8oz vac-pack

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Dec	766	759	771	762
Mar	802	796	808	799
May	825	820	831	824
Jul	849	843	853	847
Sep	870	865	875	866
Dec	893	890	896	892
Mar	916	915	925	920

Turnover:5162 (4237) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Oct. 16 945.71 (939.90) 10 day average for Oct. 17 973.55 (974.65)

COFFEE – London FOX			£/tonne	
	Close	Previous	High/Low	
Nov	539	525	540	530
Jan	564	550	565	551
Mar	577	567	578	566

Turnover:4968 (2609) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Oct. 17: Comp. daily 63.10 (62.16) 15 day average 62.23 (62.50)

POTATOES – London FOX			£/tonne	
	Close	Previous	High/Low	
Apr	128.0	129.5	129.6	127.7

Turnover 137 (118) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Dec	133.00	131.50	133.00
Feb	136.00		136.00

Turnover 92 (89) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point	
	Close	Previous	High/Low	
Oct	1673	1678	1678	1670
Dec	1706	1699	1705	
Jan	1730	1729	1730	1728
Apr	1728	1733	1729	
BFI	1634	1621		

Turnover 101 (290)

GRAINS – London FOX			£/tonne	
Wheat	Close	Previous	High/Low	
Nov	118.35	119.05	118.75	118.25
Jan	121.60	122.40	122.40	121.60
Mar	124.65	125.30	125.30	124.60
May	127.50	127.95	127.95	127.35
Barley	Close	Previous	High/Low	
Nov	113.75	113.85	113.60	
Jan	117.45	117.70	117.45	

Turnover: Wheat 409 (240), Barley 6 (63).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg			
	Close	Previous	High/Low
Oct	97.0		98.5
Jan	97.0	95.0	95.0
Mar	104.0		102.0

Turnover:9 (88) lots of 3,250 kg

MGMI – London FOX					
	Close	Prev.	High	Low	Vol
Indx	136.93	132.94			
Nov	137.00		137.10	137.00	58
Dec	136.60	133.60	136.60	136.60	5
Jan	137.10		137.10	137.10	30
Mar	137.30		137.30	137.30	20
Dec	140.30		140.30	140.30	20

LONDON METAL EXCHANGE				(Prices supplied by Amalgamated Metal Trading)		
	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 51,181 lots
Cash	1209-10	1195-7	1219	1213.5-20		
3 months	1237.5-38.0	1224-5	1260/1212	1247-8	1220-4	31,636 lots
Copper, Grade A (£ per tonne)						Total daily turnover 15,856 lots
Cash	1380-1	1376.5-7.5	1387/1381	1386.5-7.5		
3 months	1363-3.5	1360.5-1.5	1368/1363	1366-7	1354-4.5	23,091 lots
Lead (£ per tonne)						Total daily turnover 1,014 lots
Cash	308-7	303.5-4.5	306.5	308-7		
3 months	316-7.5	315.5-6.5	318/315.5	317.5-8.0	315.75-16	1,742 lots
Nickel ($ per tonne)						Total daily turnover 3,808 lots
Cash	7320-30	7420-30	7360	7355-60		
3 months	7400-10	7495-500	7490/7405	7425-30	1220-4	4,616 lots
Tin ($ per tonne)						Total daily turnover 1,325 lots
Cash	5575-85	5590-600	5605	5600-10		
3 months	5645-50	5660-5	5670/5630	5665-70	5650-60	2,175 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 6,170 lots
Cash	993-5	979-80	993/993.5	992.5-3.0		
3 months	1012-3	999-1000	1015/1005	1010-1	1007-8	8,683 lots

LME Closing £/$ rate:
SPOT: 1.7109 3 months: 1.6904 6 months: 1.6723 9 months: 1.6553

LONDON BULLION MARKET (Prices supplied by N.M.Rothschild)		
Gold (fine oz)	$ price	£ equivalent
Close	358.30-358.70	
Opening	357.60-358.00	
Morning fix	357.75	209.174
Afternoon fix	358.30	209.655
Day's high	357.60-357.90	
Day's low	358.00-359.30	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	4.77	6 months	4.58
2 months	4.75	12 months	4.51
3 months	4.68		

Silver fix	p/fine oz	US cts equiv
Spot	241.15	412.50
3 months	247.30	417.80
6 months	253.25	423.20
12 months	266.30	434.75

GOLD COINS (Prices supplied by Engelhard Metals)		
	$ price	£ equivalent
Krugerrand	358.25-359.25	209.75-210.25
Maple leaf	369.25-370.25	216.00-216.50
New Sovereign	87.25-88.25	51.00-51.50

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Dec	Mar	Dec	Mar
1150	90	126	12	22
1250	31	66	52	60
1350	7	30	126	120
Copper (Grade A)	Calls		Puts	
2200	135	128	12	46
2300	66	73	43	93
2400	25	40	100	155
Coffee	Nov	Jan	Nov	Jan
500	69	63	5	6
550	38	46	19	19
600	18	22	49	49
Cocoa	Dec	Mar	Dec	Mar
725	54	89	13	22
750	39	82	22	30
775	25	58	34	41
Brent Crude	Dec	Jan	Dec	Jan
2200	65	64	32	
2250	38	47		
2300	24	30		

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Oct	360.0	358.2	359.1	358.5
Nov	360.7	358.9	0	0
Dec	362.3	360.5	362.6	360.0
Feb	365.2	363.3	365.3	363.0
Apr	367.9	365.9	368.3	366.1
Jun	370.6	368.5	369.0	368.5
Aug	373.5	371.3	0	0
Oct	376.2	374.0	0	0
Dec	379.2	376.9	376.7	376.7

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Oct	370.7	368.6	371.5	371.5
Jan	372.7	371.3	373.5	370.6
Apr	376.2	374.8	376.0	374.0
Jul	379.8	378.4	380.0	378.5
Oct	386.8	385.4	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Oct	409.7	409.8	410.0	410.0
Nov	410.7	410.8	0	0
Dec	412.5	412.7	416.0	408.5
Jan	414.5	414.6	0	0
Mar	419.0	419.1	422.5	415.0
May	423.4	423.3	422.0	421.0
Jul	427.7	427.4	430.0	426.0
Sep	432.2	431.7	429.5	429.5
Dec	438.8	438.1	436.0	436.0
Jan	441.4	440.6	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	107.00	106.10	107.20	106.20
Nov	106.75	105.45	106.70	105.60
Dec	105.95	104.65	106.10	104.70
Jan	104.90	103.55	0	0
Feb	104.05	102.80	0	0
Mar	103.35	102.25	103.40	102.40
Apr	102.80	101.80	0	0
May	102.20	101.25	101.70	101.40
Jun	101.85	100.90	0	0
Jul	101.30	100.45	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	8.80	8.82	8.89	8.79
May	8.70	8.71	8.78	8.69
Jul	8.68	8.70	8.72	8.67
Oct	8.64	8.68	8.68	8.64
Mar	8.62	8.66	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Close	Previous	High/Low	
Nov	23.93	23.67	23.96	23.72
Dec	23.66	23.43	23.68	23.48
Jan	23.36	23.15	23.39	23.22
Feb	23.06	22.88	23.05	22.91
Mar	22.74	22.60	22.70	22.62
Apr	22.42	22.32	22.38	22.31
May	22.17	22.09	22.14	22.03
Jun	21.97	21.91	21.93	21.82
Jul	21.80	21.76	21.79	21.70
Aug	21.65	21.63	21.67	21.54

HEATING OIL 42,000 US galls, cents/US galls				
	Close	Previous	High/Low	
Nov	6940	6844	6955	6870
Dec	7044	6962	7060	6960
Jan	7052	6983	7065	7000
Feb	6862	6798	6870	6820
Mar	6520	6463	6525	6490
Apr	6225	6168	6220	6175
May	6035	5978	6026	6000
Jun	5905	5848	5900	5865
Jul	5860	5803	5840	5820
Aug	5915	5853	5860	5860

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Dec	1219	1211	1227	1211
Mar	1277	1270	1285	1274
May	1311	1303	1315	1306
Jul	1341	1330	1342	1336
Sep	1365	1358	1370	1365
Dec	1402	1392	1403	1396
Mar	1434	1426	1437	1430
May	1459	1450	0	0
Jul	1484	1475	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Dec	82.80	82.50	83.75	82.00
Mar	86.65	86.45	87.80	86.15
May	89.15	88.80	90.10	88.65
Jul	91.65	90.50	91.90	91.50
Sep	94.15	93.00	94.70	93.70
Dec	96.95	99.00	97.00	96.65
Mar	100.75	101.25	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Dec	63.29	63.95	64.05	63.28
Mar	65.44	65.85	66.00	65.43
May	66.30	66.50	0	66.25
Jul	67.12	67.25	67.25	67.00
Oct	66.00	65.95	66.10	65.90
Dec	65.85	65.97	66.05	0
Mar	67.30	67.28	67.30	67.30

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Nov	163.60	160.75	165.25	161.25
Jan	157.60	149.60	157.60	157.60
Mar	158.70	150.70	158.70	158.00
May	158.95	150.95	158.95	158.00
Jul	158.95	150.95	158.95	158.95
Sep	158.75	150.95	158.95	158.90
Nov	158.75	150.95	158.70	158.50
Jan	157.45	150.95	158.00	158.00
Mar	157.45	150.95	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Oct 17	Oct 16	mnth ago	yr ago
1640.7	1620.3	1644.3	1727.6

DOW JONES (Base: Dec. 31 1974 = 100)				
	Oct 16	Oct 15	mnth ago	yr ago
Spot	114.34	113.54	117.40	128.76
Futures	123.92	122.41	123.64	127.13

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Nov	547/2	552/0	558/4	546/4
Jan	558/4	563/2	568/0	558/0
Mar	566/6	574/2	579/0	569/0
May	576/2	584/4	589/0	578/0
Jul	586/6	592/2	596/4	586/4
Aug	589/0	593/6	597/4	589/0
Sep	582/0	585/0	589/0	582/0
Nov	582/4	589/0	591/4	582/2

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Oct	19.34	19.30	19.54	19.33
Dec	19.55	19.55	19.79	19.55
Jan	19.74	19.74	19.95	19.73
Mar	20.05	20.07	20.28	20.03
May	20.33	20.37	20.60	20.32
Jul	20.59	20.68	20.85	20.58
Aug	20.70	20.81	20.70	20.70
Sep	20.75	20.95	21.10	20.75

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Oct	181.4	182.2	184.0	181.4
Dec	178.7	180.0	181.2	178.7
Jan	178.1	179.3	180.3	178.0
Mar	176.7	177.8	179.0	176.7
May	175.2	176.3	177.0	175.2
Jul	175.2	176.1	177.0	175.1
Aug	175.0	176.0	176.7	175.0
Sep	175.5	176.0	176.5	175.5
Oct	187.5	188.0	189.0	187.5

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Dec	248/0	246/0	249/2	246/6
Mar	257/2	256/4	258/2	256/0
May	263/4	261/6	264/6	262/2
Jul	268/0	266/2	269/4	266/6
Sep	260/0	259/0	260/6	259/4
Dec	256/6	258/4	257/4	256/6
Mar	264/0	264/0	264/4	264/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Dec	352/6	349/4	353/0	349/0
Mar	354/4	351/6	355/0	351/4
May	345/2	343/6	346/4	344/0
Jul	330/0	329/2	332/4	330/0
Sep	335/4	334/4	337/2	335/4
Dec	345/0	344/4	346/4	345/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	74.20	73.92	74.25	73.75
Dec	76.95	76.85	77.00	76.55
Feb	75.80	75.82	75.95	75.70
Apr	75.67	75.72	75.75	75.45
Jun	72.47	72.55	72.55	72.30
Aug	70.30	70.60	70.75	70.30
Oct	71.00	71.02	71.10	71.00

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Oct	44.00	44.60	44.60	44.00
Dec	43.57	44.15	44.10	43.52
Feb	42.80	43.35	43.32	42.80
Apr	41.37	41.77	41.87	41.35
Jun	46.10	46.27	46.30	46.10
Jul	46.20	46.37	46.45	46.15
Aug	44.87	44.97	0	44.75
Oct	41.35	41.35	41.50	41.35

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	42.57	44.57	44.90	42.57
Mar	42.50	44.20	44.22	42.42
May	43.50	45.12	45.00	43.15
Jul	43.90	45.32	45.10	43.55
Aug	40.87	42.75	43.15	40.75

LONDON STOCK EXCHANGE

Equities encouraged by oil sector bid

By Terry Byland, UK Stock Market Editor

A £1.16bn bid in the oil sector and another strong session on Wall Street overnight put the UK stock market in a better frame of mind yesterday. Trading volume increased but the market's advance was restrained as the suspension of a company linked with Bank of Credit and Commercial International (BCCI) reminded investors of lurking dangers on the corporate front.

Economic statistics also kept enthusiasm in check. The rise of 7.75 per cent in UK average earnings in August was somewhat higher than expected in the City, while September unemployment rose by a smaller figure than anticipated. Market strategists read these figures as indications that upward pressures on wages may not be contained by employment fears.

Account Dealing Dates		
*First Dealings:		
Sep 30	Oct 14	Oct 28
Option Declarations:		
Oct 10	Oct 24	Nov 7
Last Dealings:		
Oct 11	Oct 25	Nov 8
Account Day:		
Oct 21	Nov 4	Nov 18

*New-time dealings may take place from 8.30 am two business days earlier.

After gaining more than 19 FT-SE points in early trade, the market gave back about one quarter of the rise towards mid-session. Share prices began to move higher again later and closed well below the day's best level for a net rise of 9.7 points on the session to show a final reading on the Footsie of 2,588.7. Chart specialists noted that the initial advance took the Footsie to within two points of 2,600.

The excitement came at the opening with the announcement that LASMO was bidding just over £1bn for Ultramar in the form of a one for one share offer. *Shares in Ultramar* quickly moved above the bid price, with sharply increasing volume suggesting that the market is looking for a rival, and more generous offer, perhaps from across the Channel.

Seaq turnover increased sharply to 616.4m shares, against 482.3m on Wednesday. Trading remained highly "stock-specific" but with a significant new development. Institutions were ready buyers of stocks but equally ready to sell, or avoid shares where there was any hint of uncertainty.

Thus, ASDA the supermarket group, took renewed punishment, giving ground as 40m nil paid shares were turned over. Fisons came under pressure again and bank shares paid a heavy price for a *downgrading of Barclays by a UK* investment house.

Among the second line issues, nervousness was heightened by suspension at the market opening of shares in Control Securities which has *loan and trading links with* BCCI.

The bid for Ultramar set alight the exploration and production oil stocks, while the continued strength of Wall Street continued to push BP and Shell ahead. The UK manufacturing blue chips appeared less convinced, however, and gains in Glaxo, BOC and Rank Organisation were counterbalanced by weakness elsewhere. With the Hanson camp's interest now apparently receding fast, shares in ICI continued to drift down, although last night's closing price showed a *substantial premium* on the price paid by Hanson for its 2.8 per cent stake in the UK chemical leader.

Overall views on the market appeared to have shifted only slightly towards the positive side. Equity *strategists remain* cautious over the near term outlook for London. While Wall Street's latest advance to above the 3,000 mark on the Dow Jones Industrial Average has been positive for the UK market, investors still seek clearer evidence that the domestic economy is poised for recovery from recessionary pressures.

Ultramar counter expected

THE OPENING shot in what the market views as a looming takeover battle for Ultramar, the UK oil group, was fired yesterday by *LASMO. Ultramar* shares had been rising sharply in recent sessions as *speculators moved in on hopes of a bid.*

By yesterday's close, Ultramar had risen 70 to 347p, comfortably above LASMO's one-for-one share exchange offer. LASMO shares, which have backed off over the past couple of days as the bid stories circulated, fell to 307p before settling a net 3 down at 312p.

There was unprecedentedly high turnover in Ultramar shares – 26m changed hands yesterday after Wednesday's *13m and Tuesday's 9.9m* – as the launch of LASMO's takeover bid triggered stories that another stakebuilder was operating prior to launching a counter-offer.

Strong rumours were circulating in London that Elf, the French state-owned oil group, had been stakebuilding ahead of launching a 375p a share counter-bid this morning. Dealers expect the overnight Seaq volume ticker to provide evidence of yet more *exceptionally heavy trade in Ultramar.*

Specialists generally agreed that LASMO's offer was a sighting shot. Mr Paul Spedding at Kleinwort Benson said past experience of oil sector bids such as Britoil and Tricentrol "showed the wisdom of not selling on the first bid; you could pick potential bidders for Ultramar from anywhere around the globe".

He spoke of a takeout price of 390p-plus, against Kleinwort's asset valuation of 470p a share. *Mr Keith Morris at Carr* Kitcat & Aitken said Ultramar "is on its way out, it is just a question of who and at what price".

Racal alert

There were strong suggestions in the market yesterday that a counter-bidder for Racal Electronics is about to emerge. Turnover in Racal expanded rapidly, with 19m shares changing hands, bringing turnover on the week so far up to 37.7m. Racal shares moved ahead 3½ to 59p.

Yesterday's rumours suggested that the counter-offer could well come from the Continent, with Alcatel, of France, the biggest data communications group in Europe, one of the favourites to bid. Electronics specialists were said to be putting an increased break-up value of around 65p a share on Racal.

Williams Holdings launched an all-share offer for Racal on *September 17, the day after* Racal was demerged from Vodafone, its hugely successful cellular telephone subsidiary. The Williams offer valued *Racal* at around 50p a share yesterday.

It was said that Alcatel was keen to move into the UK data communications business, having lost out to Japan's Fujitsu in the race to win control of STC's data communications businesses last year.

Fisons hard hit

Among the worst performers in the FT-SE 100 constituents was Fisons, as an early placing of almost 1m shares at below the market price was compounded by the prospect of a *broker's downgrading.*

The shares were close to the day's peak of 464p when the placing was made at 456p. The stock dropped to around that value as marketmakers searched for elusive buyers.

Then it became clear that James Capel was re-examining its own forecasts for the company in the light of a possible delay to the US Food and Drug Administration approval of refurbished production lines for two drugs: Opticrom, an eyewash, and *Imferon, a blood* product.

Although sales of these two are unspectacular in world terms, profit margins are high. Their absence from the huge US market for six months this year has been identified by analysts as the most significant single factor behind the company's disappointing interim results last month. Fisons ended 11 lower at 451p on turnover of 5.7m, the third highest this year.

WPP down

WPP, the world's biggest marketing services group, slid 7 to a new low of 44p as shareholders *braced themselves for a four-fifths cut in their* voting powers. On November 1, according to WPP's broker Panmure Gordon, each WPP convertible share acquires the same voting rights as an ordinary share. There are 214m convertibles and 55m ordinaries.

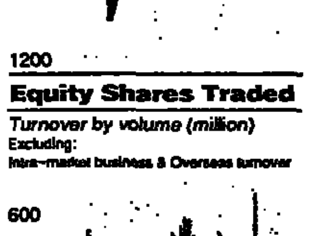
The change has been triggered by the passing of the convertible dividends, now more than six months in arrears.

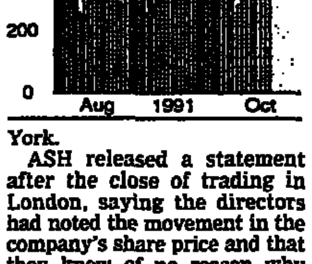
The move is likely to reveal new share stakes in the equity. Holders of the convertible are not presently obliged to reveal their holdings. Once they are enfranchised, control of more than 3 per cent of the expanded voting-share base of the company *will require publication.*

Glaxo climbed to its third highest closing level in steady trade. Buyers were anticipating good news next week from a meeting of the US Food and Drug Administration, which is considering approval for the company's migraine drug Imigran. The drug has already received limited approval in some European countries and is seen by analysts as a likely money-spinner for the 1990s.

Sentiment was also helped *by the prospect of the company's* annual meeting on October 25 and the long-awaited share split due on October 30. The shares climbed 22 to 1412p.

Automated Security (Holdings) (ASH) dropped 27 to 130p as marketmakers took avoiding action following unsubstantiated bearish stories said to have emanated from New York.





ASH released a statement after the close of trading in London, saying the directors had noted the movement in the company's share price and that they knew of no reason why the shares should have moved as they did. The stock jumped equally sharply earlier this month amid talk of a possible takeover bid emerging for the group.

Barclays Bank shares spearheaded a general retreat by the *banking sector as the market* took fright at reports that S.G. Warburg Securities had sharply reduced its profits forecasts for the high street bank. Barclays closed 15 down at 434p, the day's low, with turnover a higher than usual 5.1m shares. Warburg declined to comment on the stories.

It was said that Warburg chopped its current year profits estimate to £775m and its 1992 estimate to around £1bn. NatWest gave up 9 to 333p, *Lloyds 6 to 400p and Midland 3* to 257p.

The takeover bid for Ultramar triggered a wave of buying interest in the oil sector. Enterprise advanced 11 to 547p, Hardy Oil rose 6 to 185p and Premier edged up 2 to 45p.

Most TV contractors shares lost ground as the dust settled following the awards of television franchises on Wednesday. Investors focused on the fundamentals of advertising income, which left Anglia down 8 at *191p and Yorkshire 22 off at* 158p. Those who lost their franchises fared no better: TSW dipped 5 to 65p and TVS fell 3 to 18p.

USM-quoted Penna, the employment counselling group, rallied 13 to 118p. It has slumped from 290p this week as a result of a profits warning.

Glassmaker Pilkington, which has been placed on one broker's buy list, gained 4 to 159p.

Bowater, the packaging, printing and engineering group, *lost 5 to 688p following* lower nine-month results.

Turnover in British Airways rose to 7.6m as the shares firmed 3½ to 206p. BAA continued to recover from recent lows, adding 6 at 449p. Eurotunnel remained dull. The shares gave up another 9 to 433p on turnover of 1.2m.

Bargain hunters were seen in British Aerospace nil-paid shares. Turnover rose to 7.7m and the shares gained 3 to 7p. The ordinary improved 4 to 383p on turnover of 1.6m.

Bid victim Hawker Siddeley firmed 2 to 741p on turnover of 1.3m with Smith New Court having shown a keen interest in the shares. Its predator BTR, up 1½ at 405p, issued a further bid document to Hawker's *shareholders shortly before the* market close.

Ratners slid 5 to another new low of 72p as investment institution Baillie Gifford confirmed it had sold its 6.8 per cent stake.

MARKET REPORTERS:
Daniel Green, Peter John, Joel Kibazo, Jim McCallum, Steve Thompson.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 32.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (104).
BRITISH FUNDS (3) Treas. 8pc 1991, Tr. 2pc I-L 1992, Tr. 2pc I-L 1996, AMERICANS (3) Bankers NY, Dial, PHH, BANKS (8) Dai Ichi KB, Lloyds, Midland, Nat. Aust. Bk., Schroders, Do N/V, Tokai Bank, Yasuda Tst & Banking, BREWERS (1) Bulmer (HP), BUILDINGS (3) Boot (Henry), Epwin, Manders, CHEMICALS (1) Canning (W), STORES (10) Amber Day, Brown (N), Coles Myer, Crown Eyeglass, Etam, Forminster, Great Universal, Next, Shani, Sherwood, ELECTRICALS (5) Bilck, Dale Elect., Elect. Data Processing, Life Sciences, Vistec, ENGINEERING (2) Prospect Inds., Wagon Indl., FOODS (5) Cranswick Mill, Northern, Park, Sims, Unigate, HOTELS (1) Resort, INDUSTRIALS (22) Airsprung Furn., Alumasc, BH-Prop., Betterware Cons. Prods., Brit. Polythene Inds., CRT, Cornwell Parker A, Dyson (J & J), Granada 7.5p Pf., Halma, Hays, Lionheart, Medeva, Mitsubishi, Page (Michael), Pentland, Reuters, Scott Pickford, Sidlaw, Sketchley, Tomkins, UDO, INSURANCE (2) FBD, Lloyd Thompson, LEISURE (3) Campari, Central ITV, LWT 3.9375p Pfd., MOTORS (2) Kwik-Fit, Lex Service, NEWSPAPERS (1) News Corp., PAPERS (2) Fairway (London), St. Ives, PROPERTY (1) Molyneux Ests., TEXTILES (1) Leeds, TRANSPORT (8) Air London, British Airways, Do. 9¾pc Cnv., Dawsongroup, Mayne Nickless, Mersey Docks, TRUSTS (16) Aberforth Smaller Warrants, Anglo Scan., Baring Puma, Biotech Prf., Close Bros., GT Chile Fd., Do. Warrants, Japanese Warrant Fd., Kleinwort Smaller Co's., Murray Split Cap. Units, River & Merc. Smaller Co's., Robeco, Rolinco, TR Tech. Zero Pf., Templeton Emg. Mkts., Do. 1pc Ln., OILS (3) Gulfstream Res Canada, Total B, Woodside, MINES (3) Antofagasta, MIM, Metana Mins.
NEW LOWS (36).
BRITISH FUNDS (1) Conv. 9½pc 2004 A, AMERICANS (2) Allegheny & Western, Hasbro, BUILDINGS (1) Taylor Woodrow, CHEMICALS (1) Monsdison, STORES (1) Mallett, ELECTRICALS (3) Automated Security, Koda, Norsk Data A, ENGINEERING (1) Beauford, FOODS (2) Albert Fisher, Low (Wm), INDUSTRIALS (4) Bioplan, Business Tech., Dean & Bowes, Whitecroft, LEISURE (4) Cityvision, TVS Ent., TV-am, Yorkshire TV, PAPERS (2) Repola, WPP, PROPERTY (4) Cap. & Counties 5¼pc Pf., Greycoat, London Securities, Do. 8pc Pf., SHOES (1) Stylo, SOUTH AFRICANS (1) OK Bazaars, TEXTILES (1) Cupid, TRUSTS (2) Hainis, Malaysia Cap. Select, OILS (2) Sceptre Res., Trident Pet., PLANTATIONS (1) Williamson, MINES (1) Western & Pacific.

FINANCIAL TIMES STOCK INDICES

	Oct 17	Oct 16	Oct 15	Oct 14	Oct 11	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	86.56	86.64	86.72	86.70	86.70	79.10	87.94 (18/9)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.59	96.67	96.47	96.48	96.47	88.87	97.17 (2/10)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1988.8	1980.5	1973.5	1973.6	1953.9	1621.5	2108.3 (2/9)	1606.3 (16/1)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	164.3	163.9	166.5	167.5	168.6	169.7	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2588.7	2579.0	2576.7	2574.5	2555.0	2089.0	2679.6 (2/9)	2054.8 (16/1)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1161.08	1158.25	1158.72	1153.67	1149.55	-	1198.60 (3/9)	938.62 (16/1)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.71	4.73	4.73	4.72	4.75	5.90				
●Earning Yld %(full)	7.42	7.47	7.45	7.45	7.57	12.32				
●P/E Ratio(Net)(*)	16.83	16.73	16.76	16.78	16.49	9.83				
SEAQ Bargns 4.45pm	24,612	23,960	24,831	25,714	32,806	20,827				
Equity Turnover(£m)†	-	897.72	910.89	597.22	969.00	795.79				
Equity Bargains†	-	23,795	23,382	24,471	32,307	19,563				
Shares Traded (ml)†	-	468.2	414.5	473.6	654.0	482.4				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. * = Nil 15.87

Ordinary Share Index, Hourly changes — Day's High 1997.0 — Day's Low 1983.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1990.2	1995.3	1989.6	1987.5	1987.4	1988.0	1985.3	1984.8	1987.1

FT-SE 100, Hourly changes — Day's High 2598.4 — Day's Low 2583.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2591.5	2597.0	2590.3	2590.1	2591.3	2588.2	2584.4	2585.5	2588.6

FT-SE Eurotrack 200, Hourly changes — Day's High 1162.74 — Day's Low 1159.50

Open	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1161.07	1160.00	1162.24	1161.63	1160.50	1160.26	1162.02

GILT EDGED ACTIVITY

Indices*	Oct 16	Oct 15
Gilt Edged Bargains	80.1	76.7
5 – Day average	83.8	89.6

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
AGT	74	511	-24
ASDA Group	9,800	42	-1
Abbey National	2,400	286	-3
Albert Fisher	8,300	89	-2
Allied-Lyons	1,300	607	-5
Amstrad	449	38	
Anglian Water	151	386	+1
Argos	1,500	314	+7
Argyll Group	5,200	278	-3
Arjo Wiggins	411	256	+1
Ass. Brit Foods	305	475	+5
BAA	487	442	+6
BAT Inds	1,400	641	+3
BET	621	225	+1
BICC	1,000	386	+4
BOC	1,100	586	+3
BPB Inds	[illegible]	173	
BTR	1,400	405	+1½
Bank of Scotland	1,500	116	-1
Barclays	5,100	434	-15
Bass	578	987	+7
Beazer	1,700	115½	+½
Beresford Int	621	26	-2
Blue Circle	1,000	242	+3
Booker	1,100	461	-1
Boots	846	431	+4
Bowater	159	688	-5
Brit. Aerospace	1,600	383	+4
British Airways	7,600	206	+3½
British Gas	6,500	236½	-½
British Land	12	302	+1
BP	6,400	354	+2
British Steel	875	120½	+2
British Telecom	4,500	386½	-3½
Bunzl	694	97	-1
Burmah Castrol	496	596	-4
Burton	922	47	+½
Cable & Wire.	1,200	568	+5
Cadburys	1,000	412	+4
Calor Group	117	240	-1
Carlton Comms.	699	510	-13
Coats Viyella	1,800	186	+5
Comm Union	739	481	+3
Cookson	330	123	+1½
Courtaulds	1,200	487	+3
Dalgety	1,000	382	+1
De La Rue	48	447	-1
Dixons	4,500	256	+2
ECC Group	48	473	+8
Eastern Elect.	1,900	249	+13
East Midland Elect.	735	262	+9
Enterprise Oil	2,200	547	+11
Eurotunnel Units	1,200	433	-9
FKI	1,000	68	
Ferranti	892	8½	-½
Fisons	5,700	451	-11
Forte	1,100	277	+2
Gen. Accident	240	505	
General Elect	2,200	194	-1
Glaxo	1,200	1412	+22
Glynwed Int	508	232	+4
Granada	8,000	190	+6
Grand Met.	1,600	857	+7
GUS A	307	1378	+13
GRE	1,700	188	+2
GKN	192	358	+1
Guinness	1,100	1030	+6
Hammerson 'A'	15	602	-1
Hanson	6,900	220½	+2
Hanson Warrants	184	26¼	
Harrisons Crosfield	1,800	155	+1
Hawker Sidd.	1,300	741	+2
Hillsdown	921	213	+1
IMI	64	234	
ICI	1,300	1276	-5
Inchcape	677	580	
Kingfisher	1,500	548	+3
Ladbroke	1,100	253	+2
Land Securities	675	514	+2
Laporte	189	583	+2
Legal & General	178	398	+3
Lloyds Abbey	357	402	
Lloyds Bank	5,200	400	-6
LASMO	8,500	312	-3
London Elect.	586	268	+12
Lonrho	488	247	+1
Lucas	499	141	-2
MB Caradon	447	235	+3
MEPC	306	482	+2
Manweb	310	315	+12
Marks & Spencer	7,800	283	+5
Maxwell Comms.	340	157	
Midland Bank	2,600	257	-3
Midlands Elect.	560	275	+4
NFC	551	219	
NatWest Bank	3,400	333	-9
National Power	2,500	183	+5
Next	1,400	49½	+½
North West Water	429	385	+6
Northern Elect.	639	268	+7
Northern Foods	1,200	595	+6
Norweb	429	280	+8
Pearson	49	757	+3
P & O	1,000	495	+5
Pilkington	1,100	159	+5
PowerGen	1,900	174	+2
Prudential	2,400	234	+2
RHM	2,000	392	+6
RMC	388	582	+4
RTZ	1,300	563	+5
Racal	1,900	59	+3½
Rank Org.	1,000	650	+14
Reckitt & Colman	350	678	
Redland	1,200	526	
Reed Intl.	701	490	+6
Rentokil	121	358	+3
Reuters	736	982	+6
Rolls Royce	1,500	138	
Rothmans	83	1134	-1
Ryl Bk Scotland	746	180	-2
Royal Insurance	894	320	+2
Saatchi	11,000	13¼	-½
Sainsbury	739	359	+1
Scottish & New	1,700	419	+4
Scot. Hydro-Elect	509	113½	+½
Scottish Power	2,500	109½	+½
Sears	210	97	+4
Sedgwick	2,100	246	-3
Seeboard	2,700	275	+8
Severn Trent Water	2,100	331	+2
Shell Transport	2,700	542	+5
Siebe	154	530	-3
Slough Ests	183	258	-8
Smith (W H) A	751	448	-3
Smith & Nephew	4,600	128½	+3½
SmKl Beecham	1,200	757	+2
SmKl Beecham Uts.	86	[illegible]	+20
Smiths Inds.	31	261	+1
Southern Elect.	1,000	276	+11
South Wales Elect.	130	327	+7
South West Water	13	383	+4
South West. Elect.	282	288	+8
Southern Water	144	333	+3
Standard Chartd.	858	388	
StoreHouse	138	110½	+½
Sun Alliance	1,200	348	+3
T&N	634	159	
TI Group	351	619	
TSB	1,900	135	-3
Tarmac	1,100	171	
Tate & Lyle	1,100	380	+2
Taylor Woodrow	447	180	+2
Tesco	2,300	[illegible]	+1
Thames Water	242	373	+6
Thorn EMI	408	788	
Tomkins	2,300	414½	+½
Trafalgar House	3,200	238	+3
Ultramar	26,000	347	+70
Unigate	1,800	330	+1
Unilever	3,400	781	+8
United Biscuits	1,300	392	+8
Utd. Newspapers	208	381	+1
Vodafone	2,100	380	-1
Wellcome	618	736	+14
Welsh Water	1,300	388	+1
Wessex Water	827	408	-7
Whitbread 'A'	349	489	+4
Williams Hldgs.	882	338	+3½
Willis Corroon	1,500	297	-7
Wimpey	822	157	-2
Yorkshire Elect.	1,600	298	+10
Yorkshire Water	161	379	-4

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

TRADED OPTIONS saw one of their most active days this year as turnover of 49,514 lots was driven by heavy dealing in Ultramar, writes Peter John.

Ultramar saw its busiest ever day in the derivative markets with 12,860 lots dealt, after the anticipated bid by LASMO was announced yesterday morning. There was said to be very good two-way business with most of the action *concentrated in the calls.*

Some investors, who had bought before the takeover bid was announced, took their profits while others felt there was still mileage in the October calls, which expire next Wednesday. Prices were pushed up by talk that either LASMO would be forced to increase its offer or another bidder might appear.

Marks and Spencer was the second busiest stock option *with 6,580 lots dealt. One* house accounted for 4,000 contracts by rolling over its position in the October series.

On the LIFFE, the December Footsie future contract was also active but the premium to the underlying market narrowed to around its estimated fair value following the release of disappointing inflation and industrial production figures from the US. At the official close December was *2,628, a premium of 39 to cash.*

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
100¼	99¼	Exch. 11pc 1991	100¼xd	.....	10.99	10.33
99⅝	96⅞	Treas. 8pc 1991	99⅝	+1/16	8.03	9.951
101½	100⅜	Treas 12¾pc 1992‡‡	100⅝	.....	12.67	10.04
100¼	97⅞	Treas 10pc 1992	99⅞	.....	10.01	10.01
133½	125⅞	Treas. 2pc IL 1992‡‡	133½	+⅛	1.99	7.99
99⅜	95¼	Treas. 8pc 1992‡‡	99⅜	.....	8.08	9.95
100⅞	98⅞	Treas 10½pc Cv 1992‡‡	100⅞xd	.....	10.46	9.89
96⅝	91⅛	Treas. 3pc 1992	96⅝	.....	3.10	8.34
102⅞	100⅝	Exch. 12¼pc '92	101⅞	.....	12.02	9.78
104⅛	102⅜	Exch 13½pc 1992	103⅛	.....	13.08	9.71
98⅛	94	Treas 8¾pc 1993	98⅛	.....	8.40	9.68
100⅜	97⅛	Treas 10pc 1993‡‡	100⅛	.....	9.96	9.69
104⅝	102⅛	Treas 12½pc 1993‡‡	104⅛	.....	11.98	9.73
95⅛	89⅛	Funding 6pc 1993‡‡	95	.....	6.32	8.83
108⅜	105⅛	Treas 13¾pc 1993‡‡	107⅛xd	+1/16	12.80	9.74
97⅜	92⅜	Treas. 8¼pc 1994	97⅜	.....	8.72	9.70
111⅜	108⅛	Treas 14½pc 1994‡‡	109⅞	-1/16	13.20	9.67
109	105⅜	Exch 13½pc 1994	108⅝xd	.....	12.48	9.76
101⅛	96⅛	Treas. 10pc Ln. 1994‡‡	100⅝	+1/16	9.94	9.72
107⅛	103⅛	Exch. 12½pc 1994	106⅝	.....	11.74	9.79
98⅜	93⅛	Treas 9pc 1994‡‡	98⅛xd	.....	9.18	9.72
106⅜	102⅞	Treas 12pc 1995	106⅜	.....	11.31	9.75
89	82⅛	Exch 3pc Gas 90-95	88⅝xd	.....	3.39	6.71
102⅜	96⅛	Exch. 10¼pc 1995	101⅛	.....	10.10	9.73
110⅜	105⅛	Treas 12¾pc 1995‡‡	109⅜xd	.....	11.62	9.81
114⅛	109⅛	Treas. 14pc '96	113⅛	.....	12.33	10.00
99⅜	92⅜	Treas 9pc 1992-96‡‡	98⅝	.....	9.10	9.30
119⅛	115⅜	Treas 15¼pc 1996‡‡	118⅞xd	.....	12.83	9.99
112⅜	108	Exch 13¼pc 1996‡‡	111⅛xd	-1/16	11.84	9.93
		Five to Fifteen Years				
101⅜	95⅜	Conversion 10pc 1996	100⅜xd	.....	9.91	9.74
101⅜	97⅛	Do. 10pc 1996 B	100⅜xd	.....	10.11	9.76
114⅜	108⅜	Treas 13¼pc 1997‡‡	113⅛	-⅛	11.71	9.94
103⅜	97⅛	Exch 10½pc 1997	102⅜	-⅛	10.22	9.78
96⅜	89⅜	Treas 8¾pc 1997‡‡	95⅝	-⅛	9.15	9.70
123⅛	117	Exch 15pc 1997	121⅝xd	-⅛	12.34	10.07
100⅜	93⅜	Exch. 9¾pc 1998	99⅜	-⅛	9.79	9.78
88⅜	80⅜	Treas 6¾pc 1995-98‡‡	87⅜xd	-⅛	7.71	9.28
128⅛	121⅛	Treas. 15½pc '98‡‡	126⅜	-⅛	12.21	9.96
111⅜	104⅛	Exch. 12pc 1998	110⅛xd	-⅛	10.88	9.87
100⅜	92⅜	Treas 9½pc 1999‡‡	98⅜	-⅛	9.61	9.65
113⅛	105⅜	Exch. 12¼pc 1999	111⅜	-⅛	10.98	9.90
104⅜	97⅛	Treas. 10½pc 1999	103⅛xd	-⅛	10.15	9.79
103⅛	95⅜	Conversion 10¼pc 1999	102⅛xd	-⅛	10.04	9.83
97⅜	89⅛	Conversion 9pc 2000‡‡	96⅛	-⅛	9.36	9.81
118⅜	110⅛	Treas. 13pc 2000	116⅜	-⅛	11.12	[illegible]
103⅛	94⅛	Treas 10pc 2001	101⅜	-⅛	9.88	[illegible]
119⅜	113⅛	Treas 14pc '98-01	118⅛xd	-⅛	11.83	[illegible]
101⅜	92⅜	Treas 9¾pc 2002	99⅝	-⅛	9.79	[illegible]

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
104⅛	94⅛	Treas 10pc 2003	101⅜	-⅛	9.86	9.69
111	102	Treas 11½pc 2001-04	109⅜	-⅛	10.55	9.93
62⅛	53⅛	Funding 3½pc '99-04	60⅜	-⅛	5.80	8.61
100⅜	90⅛	Conversion 9½pc 2004	98⅛	-⅛	9.69	9.67
25⅜	23⅛	Conversion 9½pc 2004 A	23⅜	-⅛	9.69	9.66
100⅜	90⅛	Conversion 9½pc 2005	98⅛	-⅛	9.68	9.66
121⅜	111	Treas. 12½pc 2003-05	118⅝xd	-⅛	10.54	9.73
88⅜	79⅛	Treas. 8pc 2002-06‡‡	86⅜	-⅛	9.26	9.65
		Over Fifteen Years				
115⅜	105⅜	Treas. 11¾pc 2003-07	112⅜	-⅛	10.41	9.71
93⅜	84⅜	Treas 8½pc 2007‡‡	90⅜	-⅛	9.36	9.56
129⅛	118⅜	Treas. 13½pc '04-08	126	-⅛	10.71	9.73
98	88⅜	Treas. 9pc 2008‡‡	95⅛	-⅛	9.46	9.50
89⅜	80	Treas 8pc 2009	86⅜	-⅛	9.24	9.50
97⅜	88⅛	Conv 9pc Ln 2011‡‡	95⅛	-⅛	9.47	9.49
98⅜	91⅜	Cnv. 9pc 2011 A	95⅜	-⅛	9.51	9.55
66	58⅛	Treas. 5½pc 2008-12‡‡	63⅛	-⅛	8.62	9.45
85⅜	76⅜	Treas. 7¾pc 2012-15‡‡	83⅛	-⅛	9.34	9.51
125⅛	113⅛	Exch. 12pc '13-'17	121⅜	-⅛	9.85	9.53
		Undated				
41¼	37⅛	Consols 4pc	40⅜	-⅛	9.83	-
37⅛	33⅛	War Loan 3½pc‡‡	36⅛	-⅛	9.62	-
60⅛	57⅛	Conv. 3½pc '61 Aft.	59⅛	-⅛	5.86	-
30⅛	28⅛	Treas. 3pc '66 Aft.	29⅛xd	-⅛	10.02	-
26⅛	23⅛	Consols 2½pc	25⅛	-⅛	9.83	-
26⅛	23⅛	Treas. 2½pc	25⅛	-⅛	9.93	-
		Index-Linked (b)			(1)	(2)
122⅛	115⅛	Treas. 2pc '94 (102.9)	122⅛xd	+⅛	2.45	3.52
176⅜	168⅜	Do 2pc '96 (67.9)	176⅛	-⅛	3.29	3.87
144⅛	137⅛	Do 2½pc '01 (78.3)	144⅛	-⅛	3.83	4.15
140⅜	133	Do. 2½pc '03 (78.8)	140⅜xd	-⅛	3.90	4.18
143	135	Do. 2pc '06 (69.5)	142⅜	-⅛	4.03	4.21
130⅜	124⅛	Do. 2½pc '09 (78.8)	130⅛xd	-⅛	4.03	4.23
135	128⅛	Do. 2½pc '11 (74.6)	134⅛	-⅛	4.04	4.23
111⅜	105⅛	Do. 2½pc '13 (89.2)	110⅜	-⅛	4.06	4.23
118⅜	113⅛	Do. 2½pc '16 (81.6)	117⅛	-⅛	4.06	4.22
113⅜	109⅛	Do. 2½pc '20 (83.0)	113⅛	-⅛	4.07	4.22
95⅜	91⅛	Do. 2⅛pc '24‡‡ (97.7)	93⅛	-⅛	4.06	4.19

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for February 1991: 130.9 and for September 1991: [illegible].

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
107¾	95⅞	African Dv Bk 11¼ Ln 2010	104⅞	-⅛	10.61	10.50
102⅝	91⅝	Asian Dev Bk 10¼pcLn2009	99⅞	-⅛	10.28	10.28
116⅛	105⅞	Int-Am Dev Bk 12½pc 2003	113¼	-⅛	11.04	10.44
97⅜	86⅜	Do. 9¾pc Ln 2015	94⅞	-⅛	10.28	10.33
125	101	Utd. Mexican States 16½pc 2008	123½	.....	13.36	12.90

CORPORATION LOANS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
104½	100½	Birmingham 11½pc 2012	103½	-½	11.11	11.10
98⅞	93½	GLC 6¾pc 1990-92	98⅞	.....	6.84	10.80
119½	110½	Leeds 13½pc 2006	117	-½	11.54	11.15
31	28	Liverpool 3½pc Irred	30½	.....	11.48	-
27½	26	LCC 3pc '20 Aft	27	-¼	11.11	-
105½	97½	Manchester 11½pc 2007	104½	-¼	11.00	10.90

COMMONWEALTH & AFRICAN LOANS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
95	84½	Sth Rhod. 87-92 Assd.	95	.....	4.74	-

LOANS

Building Societies

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
106	102	N'wide Anglia 3¾pc Ln 2021	105¾	-⅛	-	5.39
107¾	104	Do. 4.25pcIL '24	107½	-¼	-	5.02

Public Board and Ind.

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
53	52	Met. Wtr. 3pc 'B'	53	.....	5.66	9.90

FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	50	.....	3.50	f7.00
50	50	Do. 6pc 28 Stb. Ass.	50	.....	3	f6.00
50	50	Do 4pc Mixed Ass.	50	.....	2	f4.00
55	55	Hung. '24 Ass.	55	.....	2.75	f3.57
133⅜	120⅜	Hydro Quebec 15pc 2011	130⅛	-⅛	15.01	11.13

Continued on next page

APPOINTMENTS

UK sales manager at Datatrax

■ Mr Rob Taylor has been appointed UK sales manager at DATATRAX PERIPHERALS, a leading specialist distributor of data storage products.

Based in the company's Andover headquarters, he will be responsible for managing its two UK sales teams. One of these markets exclusively to system integrators, OEMs, VARs and dealers, while the other targets sub-distributors and large corporate accounts.

As part of his brief, Mr Taylor is set to increase the sales force by nearly 50 per cent during the forthcoming year, in line with a new aggressive marketing strategy.

Prior to joining Datatrax, he was distribution sales manager at NEC (UK), marketing the full range of data storage products. Before that he was distribution sales manager with Mitsubishi Electric (UK) for its range of PCs, monitors, printers, disk drives and scanners.

■ Rutland and Melton MP Mr Michael Latham has become corporate affairs consultant to the docklands based BUILDER GROUP. He has been a director with the group for three years and a regular contributor to *"Building"* magazine since 1980.

As corporate affairs consultant he will adopt a top-level advisory role which will concentrate on economic and political trends in the market, consolidation of relationships with institutions and trades associations, and planning of new initiatives to strengthen the Builder Group's position.

Mr Latham has specialised in housing and construction policy since 1965, and was director of the House-Builders Federation from 1971 to 1973. From 1981 to 1991 he was a vice-president of the Building Societies Association, and he is currently a director of *Lovell* Partnerships.

■ WALLACE INTERNATIONAL, bought by a management buy-in team from the receiver of Doctus, has named Mr Andrew Hebb as finance director.

Mr Hebb was finance director of Dorothy Perkins, part of Burton Group. Prior to that he was finance director of the carpet division at Lowndes Queensway.

■ Mr John A. von Spreckelsen, chief executive of Budgens, will become a director of THE GERMAN INVESTMENT TRUST on November 1. It is managed by Lloyds Investment Managers.

■ Mr Robin Garratt has been appointed a director of the leasing subsidiaries of ABBEY NATIONAL TREASURY SERVICES.

Mr Garratt joined Abbey National a year ago from Forward Trust, the leasing subsidiary of Midland Bank, to take charge of the leasing operations.

■ Mr Tim Howden, managing director of Ranks Hovis McDougall, has joined the board of EVODE GROUP as a non-executive director.

■ BAKER HARRIS SAUNDERS, the group of international property advisers with offices in the City of London, the West End, New York, Denver and Los Angeles, has brought in Mr Richard Mundy *(pictured)*, former head of real estate at Midland Bank, to develop and manage the UK and European operations of its recently acquired corporate property consultancy, Baker Harris CPC. He will be appointed a director of Baker Harris Saunders Ltd, the group's principal operating subsidiary.

■ At GRE PROPERTIES, Mr Gareth Jones and Mr Tim Mills have been appointed to the board of directors.

Mr Jones, who will have particular responsibility for the shopping sector, has worked for GRE Shopping Centres for seven years. He succeeds Mr Paul Oliver, who will leave GRE Properties at the end of the year to take up a new position outside the group.

Mr Mills will be in charge of project management at board level. He retains his post of managing director of GRE *Project Management*, whose assignments have included Princes Square and The Royal Exchange.

■ BIMEC INDUSTRIES has appointed Mr Peter Goldsbrough, chartered engineer, as chief executive of Bimec Environmental Engineering.

Mr Goldsbrough was with Anglian Water from 1976 to 1988, when he joined Biomechanics Environmental as contracts director, later becoming deputy managing director.

■ Mr Andy Poulton has become a director of ALEXANDER HOWDEN AVIATION. He has special responsibility for the business information and management systems department.

■ Mr Michael Northeast has joined DIXONS GROUP as group treasurer. He was with British Aerospace as treasurer - operations.

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AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

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LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie as a guide only.

FINANCE, LAND, ETC

[illegible]

FINANCE, LAND, ETC—Contd

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

MINES—Contd

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- ▪ Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially listed.
- ǁ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ *Cover does not allow for shares which may also rank for* dividend at a future date. No P/E usually provided.
- ǁ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend *and yield based on merger terms. z Dividend and yield include a* special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1.	β	638	.....
Finlay Pkg. 5p	β	28xd	.....
Holt (Jos) 25p	β	1985	.....

IRISH

Cap. 8½% Ln. 2010	£95¼	+¼
9pc Cap Ln. 1996	£98¼	.....
Fin. 13% 97/02	£114	.....
Arnotts	190	.....
Heiton Hldgs.	37	-6
IRG	125	.....
United Drug	168	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	50
Amstrad	6
Astec (BSR)	5
BAT	53
BOC Grp	48
BTR	33
Barclays	34
Blue Circle	28
Boots	33
Bowaters	55
Brit Aerospace	35
British Steel	10
Brit. Telecom	35
Cadburys	35
Charter Cons	42
Comm Union	40
Courtaulds	38
Eurotunnel	58
FKI	5
FNFC	10
Forte	21
Gen Accident	43
GEC	16
Glaxo	118
Grand Met	67
Guardian	14
GKN	28
Hanson	17
Hawker Sidd	55
ICI	95
Ladbroke	21
Legal & Gen	33
Lex Service	16
Lloyds Bank	30
Lucas Inds	12
Marks & Spencer	21
Midland Bk	28
Nat West Bk	26
P & O Dfd	41
Racal Elect	6
RHM	23
Rank Org Ord	55
Ratners	12
Reed Intnl	35
Sears	8½
SmKl. Beecham A	53
TI	39
TSB	11
Tesco	21
Thorn EMI	65
T&N	14
Unilever	60
Vickers	16
Wellcome	68

Property

Brit Land	27
Control Secs	2
Land Securities	41
MEPC	42
Mountleigh	4

Oils

Aviva Petlm	3
Brit Petroleum	26
Burmah Castrol	47
Conroy Petlm	8
Gaelic Res	1
Premier	4
Shell	40
Tuskar Res	1
Ultramar	28

Mines

Lonrho	20
RTZ	46

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's *valuation point unless another time is indicated by* the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an *intervening portfolio revaluation or a switch to a* forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

حكذا منه للأصل

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Sovereign Unit Tst Mngrs Ltd (1000)F
12 Christchurch Rd, Bournemouth 0202 298422

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Cash	1	51.38	51.38	51.89	+0.01	10.6
Ca/Pfd Princ	5½	48.23	48.53	51.26	+0.10	9.28
Extra Inc	5½	49.99	51.00xd	54.26	-0.57	4.65
European Growth	5½	47.26	47.26	50.42	+0.15	3.9
Income	5½	47.58	48.09	51.30	+0.27	7.11
Intl Growth	5½	65.14	65.63	70.01	+0.15	2.79
Managed	5½	59.36	60.04	64.04	+0.37	4.99
UK Growth	5½	52.13	52.75	56.27	+0.58	5.45

Standard Chartered Equitor (1200)F
69 Old Broad Street, EC2M 1QS 071-280 6521

Mngd Exempt Acc	5	198.2	200.6	208.9	+1.3	2.94
Do Income	5	189.1	191.5	199.4	+1.3	2.94

Standard Life Tst Mgmt Ltd (0629)H
3 George St, Edinburgh EH2 2XZ 0800 393777

Managed Acc	5¼	36.28	36.28	38.58		2.39
UK Equity Gth Acc	5¼	48.93	49.43	52.52	+0.2	2.03
UK Eq High Inc Inc	5¼	33.31	34.05xd	36.18	+0.1	5.69
UK Eq High Inc Acc	5¼	37.45	38.28	40.68	+0.1	5.69
UK Equity Gen Acc	5¼	46.74	47.50	50.47		3.15
UK Equity Gen Inc	5¼	36.57	37.17xd	39.50		3.15
UK Larger Cos Acc F	7½	302.8	306.8	332.9	+0.5	4.48
UK Larger Cos Inc F	7½	243.8	247.0xd	268.1	+0.4	4.48
Gilt & Fxd Int Inc	5¼	27.19	27.28xd	28.83		8.28
[illegible]	7½	217.8	222.0	240.9	-0.2	[illegible]
Nth American Acc	5¼	35.62	35.82	38.06		0.71
Far East Acc	5¼	42.57	43.68	46.41		0.21
European Acc	5¼	33.04	34.22	36.89	+0.1	1.75

Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

American ¶	5	302.7	302.7	323.1	+0.3	1.31
(Accum Units) ¶	5	354.1	354.1	378.0	+0.4	1.31
British	5	817.6	827.6	875.6	+1.3	3.47
(Accum Units)	5	1343.3	1359.7	1438.6	+2.2	3.47
European	5	318.1	318.1	338.7	-0.3	1.53
(Accum Units)	5	343.8	344.8	367.1	-0.3	1.53
Japan	5	118.9	118.9	126.4	+0.3	-
(Accum Units)	5	119.8	119.8	127.4	+0.3	-
New Pacific	5	169.4	169.4	180.3	+0.1	1.94
(Accum Units)	5	173.9	173.9	184.9	+0.1	1.94

Funds in Court*

	Bid Price	Offer Price	+ or -	Yield Gr's
Cap Jul Oct 17	504.48	509.71	..	2.77
Gross Oct 17	187.26	188.77	..	10.35
High Yield Oct 17	244.97	247.34	..	7.40

* Restricted to monies under Court control

Henderson Unit Trust Management Ltd

Pensions Mngd	53.17	54.29	+0.18	3.60

INVESCO MIM Management Ltd
Exempt Funds

Intl Mngd P'Folio	1218.0	1314.0		-
Mngd Pens (Acc)	70.3	74.9		-

Lazard Brothers & Co. Ltd

Property Sep 5	2480.0	2480.0		6.00
Inc Gth Prp Apr 26	1325.0	1460.0		7.20

Lazard Investors Ltd
Exempt Funds

Small Co's Oct 17	3962.3	4122.2		3.96
European Oct 17	537.1	542.8		2.09
American Oct 17	361.7	365.4		2.22
Japan Oct 17	528.1	534		1.22
Pacific Oct 17	138.7	142.3		1.95
W Wide Sep 30	647.60	664.90		2.48

Local Authorities Mutual Invest. Tst.*
2 Fore Street, London EC2Y 5AQ 071-588 1815

Property Sep 30	193.05	196.90		7.81
Equity Sep 30	893.70	906.20		3.99

* Available only to Local Authorities

M & G Securities Ltd

Charibond Oct 16		103.54	-0.1	10.4
(Accum Units)		995.27	-0.6	10.4
NAACIF Oct 15		45.06		9.2

Morgan Grenfell Unit Trust Managers Ltd
Exempt Funds

UK Equity Oct 15	127.3	136.3		3.76
UK Small Co Oct 15	547.7	596.0		3.37
Fund Income Oct 15	112.2	118.1		[illegible]

[illegible]

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon [illegible]
Life Funds

Fixed Int. Dep Acc; Equity Acc; Property Acc; Far East Acc; European Acc; Managed Cap; Managed Acc; O'seas Earnings Acc; Gilt Edged Acc; American Equity Acc; American Man Acc; American Prop Acc; High Income Acc; Cash ... [illegible]

[illegible]

INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	108 5	114 2		-
Pension Managed Fd	106 8	112 5		-
Life Deposit Fd	110 0	115 8		-
Pension Deposit Fd	116 4	122 5		-

For National Fin see Target Life

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	168 6	177.5	-	-
UK Equity	179 1	188.6	-	-
Overseas Equity	134 7	141 8	-	-
Fixed Interest	154 1	162.3	-	-
Property	134.2	141.3	-	-
Index Linked	152.0	160 1	-	-
Deposit	162 6	171.2	-	-
With Profits (B)	133 0	140 1	-	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	360.2	379 2	+1 3	-
UK Equity	454 6	478 6	+1 4	-
Overseas Eq	349 5	367 9	+2.6	-
American	296 3	312 5	+3.1	-
Far East	383.4	403 6	+1 2	-
Property	194 2	204.5	-	-
Fixed Int	270 2	284 5	-0.2	-
Indexed Gilt	161.5	170.0	-0 2	-
Deposit	186 5	196 4	+0 1	-
With Profit	103 9	109.4	+0 1	-
Pension Fund (Accum Units)				
Managed	518 6	545 9	+1 7	-
UK Equity	615 6	648 0	+2 4	-
Overseas Eq	588 7	619 7	+2 4	-
American	374 5	394.3	+2 9	-
Far East	624 0	656 9	+2 6	-
Property	247 3	260 4	+0 1	-
Fixed Int	336 1	353 8	-0.3	-
Indexed Gilt	176.2	185 5	-0 2	-
Deposit	263 8	277 7		-
NPI Pensions Management Ltd				
Managed Fund	1139 4	1159.7		-

Prices October 1 Next dealing November 1

Norwich Union Asset Management Ltd
PO Box 140, Norwich NR3 1PP 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	73 8	77 6	+0 2	-
Stock Market Mngd Fund	72 6	76 4	+0.2	-
Equity Fund	81.8	86.1	+0 3	-
International Fund	64.3	67 7	+0.2	-
European Fund	64 0	67 4	+0 1	-
North American Fund	72 1	75 9	+0 3	-
Pacific Fund	69 2	72 8	+0 1	-
Property Fund	79 4	83 6	+0 1	-
Fixed Interest Fund	61 1	64.3	-0.1	-
Index linked Sec Fund	63 5	66 8	-0 1	-
Deposit Fund	71 6	75 4	+0 1	-
NUAM Retirement Plans				
Mixed Fund	82 2	86 5	+0.2	-
UK Ordinary Share Fd	96 6	101 7	+0 4	-
International Fund	68 8	72 4	+0 3	-
Property Fund	83 2	87 6		-
Fixed Interest Fund	75 0	78 9	-0 2	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	229 7	242.4	+1.0	-
UK Fixed Int Acc	185 9	196 2	-	-
Intl Equities Acc	176.6	186.3	+1.0	-
UK Managed Acc	176 6	186 2	+0.5	-
Property Acc	226.4	238 9	-0.1	-
Money Acc	132.6	139.9	-	-
Special Market Acc	153 1	161.5	+0 4	-
Japan Equity Acc	107 5	113.4	+1 7	-
North American Acc	105 9	111 8	+0.5	-
Pacific Acc	95 4	100 7	+0.3	-
Technology Acc	127.5	134.5	+1 5	-
Nat Resources Acc	55 4	58.5	+0 1	-
European Acc	100 2	105.7	-	-
Residential Prop Acc	94 6	99.8	-	-
Swiss Equities Acc	33.7	35.6	+0.3	-
Hong Kong Acc	68 5	72.3	-0 1	-
UK High Inc Eq Acc	74 7	78.9	+0.3	-
Int Fixed Interest Acc	60 3	63 7	-0.1	-
Int Managed Acc	57 0	60.1	+0.2	-
HIP Managed Acc	118 4	124 8	+0.5	-
HIP Managed II Acc	104 0	109 7	+0.2	-
HIP Managed III Acc	111 2	117.2	+0.3	-
Total Investment Bond				
UK Equity Initial		156 9	+0 7	-
UK Fixed Int Initial		126 4	-0 1	-
Intl Equities Initial		119.1	+0 6	-
UK Managed Initial		120.1	+0.4	-
Property Initial		155 0	-	-
Money Initial		90 6	-	-
Special Market Initial		128.6	+0.2	-
Japan Equity Initial		83 3	+1 3	-
North America Initial		82.1	+0.3	-
Pacific Initial		74 0	+0.3	-
Technology Initial		95.7	+1.1	-
Nat Resources Initial		42 9	-	-
European Initial		89 7	+0 1	-
Residential Prop Initial		90 2	-	-
Swiss Equities Initial		32.1	+0 2	-
Hong Kong Initial		65 3	-0 2	-
UK High Inc Eq Init		71.2	+0.1	-
Int Fixed Interest Init		58.5	-	-
Int Managed Init		53 1	+0 1	-
HIP Managed Init		114 9	+0.5	-
HIP Managed II Initial		102.3	+0 2	-
HIP Managed III Init		110.5	+0.3	-
Broker Funds				
High Performance	75 6	79 7	+0.1	-
[illegible]	65 0	68.5	+1 0	-
YRA Executive Fd	99 8	105 2	+0.2	-
£ Global Growth Acc	129 6	136.7	+0 8	-
[illegible]	143 6	151 4		-
[illegible]		55 1	+0 2	-
H F Speculator Fd		122 6	+0 7	-
AAFS Int Man Fund		126 7	+0.3	-
[illegible]		86 6	+0.1	-
Individual Pension Funds				
UK Equity Acc	252 1	266 0	+1.2	-
UK Fixed Interest Acc	237 9	251 0	-	-
Intl Equities Acc	226 2	238 7	+1.6	-
UK Managed Acc	193.2	203 7	+0 6	-
Property Acc	203 7	214 9	-0.1	-
Money Acc	167 7	177 0	-	-
Special Market Acc	243 6	257.0	+0 7	-
Japan Equity Acc	170 4	179 8	+2.7	-
North American Acc	130 6	137 8	+0 7	-
Pacific Acc	178 7	188.6	+0 6	-
Technology Acc	165 0	174 1	+2.0	-
Natural Resources Acc	85 9	90.7	+0.1	-
European Acc	113 0	119 2	-	-
Residential Prop Acc	102.0	107 7	-0 1	-
Swiss Equities Acc	33 8	35 7	+0.3	-
Hong Kong Acc	70 5	74 4	-0 2	-

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ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Market ponders US rate move

THE DOLLAR showed little reaction to the latest batch of US statistics as the market tried to guess whether the Federal Reserve would respond to the growing signs that American economy may not yet be out of recession.

The dollar initially moved higher after the September consumer price figures suggested that inflationary pressures have still not eased. The 0.4 per cent monthly rise was twice both market forecasts and the August number.

The more important core inflation figure - which excludes the volatile food and energy components - also increased by 0.4 per cent. That was above expectations and unchanged from August.

Federal Reserve governors have said recently that core inflation must be brought under control before interest rates can be reduced. Mr Wayne Angell, a Fed governor, said the inflation figures were "a disquieting factor" and showed "we have not yet achieved price level stability."

However, the dollar gave up its gains after the September industrial production and August trade figures showed that the economy is still depressed. Industrial production rose just 0.1 per cent in September, below expectations, while in the year to September production was down by 2.2 per cent.

Analysts said the state of the economy justified a rate cut but with inflation still stubbornly high the Fed would not be rushed into an early reduction. "Once again the Fed does not have the excuse to ease," said Mr Michael Feeny of Sumitomo Bank. But he believed the Fed was likely to cut rates next month.

The dollar closed slightly higher at DM1.7035 from DM1.7020; at SFr1.4885 from SFr1.4875; and to FFr5.8025 from FFr5.7975.

The yen was firmer despite growing speculation that a reduction in Japanese interest rates is likely. The operations of the Bank of Japan in the domestic money market fueled the talk, while calls from industrialists for lower rates also encouraged the speculation.

The dollar fell to Y129.80 from Y130.05; sterling weakened to Y222.00 from Y222.50; and the D-Mark retreated to Y76.24 from Y76.40.

The French franc remained at the bottom of the the ERM after the Bank of France cut its intervention rate by ¼ point to 8.75 per cent. The move had been widely anticipated and the French franc ended the day slightly higher against the mark, while French bond and interest rate markets were also unchanged.

Sterling was steady as the latest average earnings figures reinforced market sentiment that there will be no early reduction interest rates.

Sterling closed unchanged at DM2.9125; at SFr2.5450; was slightly lower at $1.7105 from $1.7110; and was higher at FFr9.9250 from FFr9.9200.

On the Bank of England's figures, sterling's effective exchange rate index closed 0.1 higher at 92.3.

£ IN NEW YORK

Oct.17	Close	Previous Close
£ Spot	1.7185-1.7195	1.7075-1.7085
1 month	0.76-0.74pm	0.77-0.75pm
3 months	2.10-2.07pm	2.17-2.14pm
12 months	7.22-7.12pm	7.25-7.15pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Oct.17	Previous
8.30 am	90.2	90.2
9.00 am	90.2	90.2
10.00 am	90.2	90.2
11.00 am	90.2	90.2
Noon	90.2	90.2
1.00 pm	90.2	90.2
2.00 pm	90.2	90.3
3.00 pm	90.2	90.2
4.00 pm	90.3	90.3

CURRENCY MOVEMENTS

Oct 17	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.3	-21.1
U.S Dollar	64.7	-14.4
Canadian Dollar	106.7	+3.9
Austrian Schilling	108.7	+11.4
Belgian Franc	110.5	-2.4
Danish Krone	108.4	+3.1
D-Mark	116.8	+23.7
Swiss Franc	109.0	+17.8
Dutch Guilder	113.2	+15.4
French Franc	101.9	-13.8
Lira	98.4	-19.9
Yen	143.8	+77.2

Morgan Guaranty changes: average 1980-1982 = 100. Bank of England Index (Base Average 1985=100). **Rates are for Oct.16

CURRENCY RATES

[illegible]

OTHER CURRENCIES

Oct.17	£	$
[illegible]	[illegible]	[illegible]
N.Zealand	3.0115 - 3.0165	1.7625 - 1.7650
Saudi Ar.	6.3750 - 6.4155	3.7500 - 3.7510
Singapore	2.8905 - 2.8975	1.6920 - 1.6940
S.Af (Cm)	4.8390 - 4.8505	2.8365 - 2.8380
S.Af (Fn)	5.3015 - 5.3540	3.1105 - 3.1595
Taiwan	45.30 - 45.40	26.50 - 26.55
U.A.E.	6.2415 - 6.3185	3.6715 - 3.6735

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Oct 17	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.863	-3.56	4.92	62
Belgian Franc	42.4032	42.1556	-0.58	1.77	32
Italian Lira	1538.24	1531.65	-0.43	1.61	25
D-Mark	2.05586	2.04841	-0.36	1.55	28
Dutch Guilder	2.31643	2.30825	-0.35	1.54	21
Irish Punt	0.767417	0.766052	-0.18	1.36	12
Danish Krone	7.84195	7.88675	0.57	0.50	-27
Sterling	0.696904	0.703932	1.01	0.17	-20
French Franc	6.89509	6.97533	1.19	0.00	-60

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Oct 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7050 - 1.7120	1.7100 - 1.7110	0.76-0.74cpm	5.26	2.10-2.07pm	4.88
Canada	1.9215 - 1.9375	1.9315 - 1.9325	[illegible]	1.99	1.07-0.95pm	2.09
Netherlands	3.2740 - 3.2875	3.2775 - 3.2875	[illegible]	1.14	[illegible]	0.91
Belgium	59.75 - 60.00	59.90 - 60.00	10-5cpm	1.50	18-11pm	0.97
Denmark	11.2025 - 11.2350	11.2250 - 11.2350	[illegible]	0.73	[illegible]	0.60
Ireland	1.0875 - 1.0900	1.0875 - 1.0885	[illegible]	-0.46	0.01-0.11dis	-0.22
Germany	2.9085 - 2.9150	2.9100 - 2.9150	[illegible]	1.29	[illegible]	1.03
Portugal	249.05 - 250.90	250.30 - 250.30	[illegible]	-1.05	69-152dis	-1.92
Spain	182.70 - 183.50	182.70 - 183.00	27-35cdis	-2.17	87-102dis	-2.07
Italy	2172.10 - 2178.55	2176.00 - 2177.00	[illegible]	-0.55	4-6dis	-0.92
Norway	11.3725 - 11.4060	11.3950 - 11.4050	[illegible]	0.33	[illegible]	-0.33
France	9.9085 - 9.9500	9.9200 - 9.9300	[illegible]	1.36	[illegible]	1.01
Sweden	10.5850 - 10.6150	10.6050 - 10.6150	[illegible]	-0.35	[illegible]	-0.64
Japan	221.20 - 222.50	221.50 - 222.50	[illegible]	4.05	[illegible]	3.83
Austria	20.44 - 20.55	20.45 - 20.48	[illegible]	1.06	[illegible]	0.59
Switzerland	2.5400 - 2.5600	[illegible]	[illegible]	2.06	[illegible]	1.87
Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. Six-month forward dollar [illegible] 12 Month 7.20-7.10pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Oct 17	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 6⅜-6¼ per cent; three years 6⅞-6¾ per cent; four years 7⅛-7 per cent; five years 7¼-7⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others two days' notice.

EXCHANGE CROSS RATES

Oct.17	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.711	2.913	222.0	9.925	2.545	3.283	2177	1.932	59.95	1.421
$	0.584	1	1.703	129.7	5.801	1.487	1.919	1272	1.129	35.04	0.831
DM	0.343	0.587	1	76.21	3.407	0.874	1.127	747.3	0.663	20.58	0.488
YEN	4.505	7.707	13.12	1000.	44.71	11.46	14.79	9806	8.703	270.0	6.401
F Fr.	1.008	1.724	2.935	223.7	10.	2.564	3.308	2193	1.947	60.40	1.432
S Fr.	0.393	0.672	1.145	87.23	3.900	1	1.290	855.4	0.759	23.56	0.558
N Fl.	0.305	0.521	0.887	67.62	3.023	0.775	1	663.1	0.588	18.26	0.433
Lira	0.459	0.786	1.338	102.0	4.559	1.169	1.508	1000.	0.887	27.54	0.653
C$	0.518	0.886	1.508	114.9	5.137	1.317	1.699	1127	1	31.03	0.736
B Fr.	1.668	2.854	4.859	370.3	16.56	4.245	5.476	3631	3.223	100.	2.370
Ecu	0.704	1.204	2.050	156.2	6.985	1.791	2.310	1532	1.360	42.19	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

PARIS

[illegible]

Estimated volume 13,906 Total Open Interest 22,905

ECU BOND (MATIF)

December	106.92	106.78	-0.05	106.92	106.70	8.74	4,205
March	106.82	106.80	-0.06	106.84	106.80	8.93	270

Estimated volume 2,393 Total Open Interest 4,475

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
105	-	-	-	0.07	0.35	-
106	1.60	1.99	-	0.17	0.68	-
107	0.84	1.36	-	0.43	0.92	-
108	0.36	0.89	-	0.92	1.38	-
Open Int.	117,095	49,687	2,370	68,307	41,051	8,823

Estimated volume 35,271 Total Open Interest 307,335

* Contracts traded on APT after trading hours

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7105	1.7030	1.6897	1.6712	1.6390

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bank	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc	14	Roxburghe Bank Ltd	11.5
Bank of Ireland	10.5	● Robert Fleming & Co	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs	11	● Smith & Williamson Secs	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co	10.5	Westpac Bank Corp	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Steady UK rates

LONDON money rates were steady yesterday as a shortage of liquidity at the short end kept overnight money firm, while a disappointing set of labour market statistics reinforced the sentiment that there will be no early reduction in interest rates.

Once again the Bank of England forecast a smaller liquidity shortage than anticipated by the market. The £550m estimate was around £200m below market expectations.

But when the Bank tried to inject liquidity into the system it was not offered a sufficient number of bills. Before lunch it bought £24m of bills; during the afternoon it purchased another £206m. Finally, late assistance of £200m was provided.

With the shortage revised to £600m the market was left £170m short and this kept rates underpinned. Apart from a technical flutter when overnight rates fell briefly to 5 per cent, short-term money was steady.

A large shortage is expected today. Market participants estimated it would be around £1.5bn. Flows of tax payments into the Exchequer and end of the week technical factors are expected to boost the market's liquidity needs.

The latest batch of economic statistics did little to influence market rates. The 7.75 per cent rise in average earnings in the year through August was unchanged from July and was ½ percentage point above market forecasts.

The gilt market fell back after the figures were released, while the shorter end was steady. But dealers said the slow pace of declines in wage settlements made early reductions in interest rates less likely.

Three months money closed at 10$\frac{7}{16}$-⅜ per cent, unchanged on the day. In the futures market, the December short sterling contract rose 2 points to 89.96. At current prices, the futures market is not anticipating any change in UK interest rates until next year.

Global money markets were generally easier although the uncertainty about a reduction in US rates after the latest inflation figures prevented greater weakness. The ¼ point cut in French short-term rates was widely expected and there was some relief the Bank of France had not cut by ½ point.

German money rates edged slightly lower in quiet trading; Japanese rates also eased as the Bank of Japan injected liquidity into the credit system.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct 17) 3 months US dollars		6 months US Dollars	
bid 5⅜	offer 5½	bid 5⅜	offer 5½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

4pm					
Prime rate	8	One month	5.12	Three year	6.19
Broker loan rate	7	Two month	5.07	Four year	6.36
Fed.funds	5¼	Three month	5.17	Five year	6.88
Fed.funds at intervention	-	Six month	5.26	Seven year	7.26
		One year	5.35	10-year	7.55
		Two year	5.93	30-year	8.00

Oct.17	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.05-9.15	9.00-9.15	9.05-9.20	9.20-9.35	9.25-9.40	9.25
Paris	8¾-8⅝	9-9⅛	9⅛-9⅛	9⅛-9¼	9⅛-9¼	9.25
Zurich	7¾-7⅝	8-8⅛	-	8⅛-8⅜	-	-
Amsterdam	8.87-9.00	9.13-9.20	-	9.21-9.31	-	-
Tokyo	6⅜-6⅜	6⅜-6⅜	-	6½-6⅜	-	-
Milan	10½-11	11⅛-11¼	-	11⅛-11½	-	-
Brussels	9.19-9.25	9⅛-9⅛	-	9¼-9⅛	-	-
Dublin	10-10⅛	10-10⅛	10-10⅛	10⅛-10⅛	10⅛-10⅜	-

LONDON MONEY RATES

Oct 17	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11	10¾	10$\frac{9}{16}$	10$\frac{7}{16}$	10$\frac{5}{16}$	10¼
Interbank Bid	10¼	10⅜	10$\frac{7}{16}$	10$\frac{5}{16}$	10$\frac{3}{16}$	10⅛
Sterling CDs	-	-	10$\frac{11}{32}$	10⅜	10¼	10⅛
Local Authority Deps.	10$\frac{5}{16}$	10½	10½	10⅜	10¼	10$\frac{3}{16}$
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10¾	10½	-	-	-	-
Company Deposits	-	-	10$\frac{9}{16}$	10$\frac{7}{16}$	10$\frac{5}{16}$	10¼
Finance House Deposits	-	-	10⅝	10½	10$\frac{13}{32}$	10$\frac{5}{16}$
Treasury Bills (Buy)	-	-	10¼	9⅞	9$\frac{5}{8}$	-
Bank Bills (Buy)	-	-	10¼	10$\frac{1}{16}$	9$\frac{31}{32}$	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	5.25	5.40	5.40	5.55
SDR Linked Dep. Offer	-	-	7⅛	7⅛	7⅛	7½
SDR Linked Dep. Bid	-	-	7	7	7	7
ECU Linked Dep. Offer	-	-	9$\frac{11}{16}$	9$\frac{11}{16}$	9⅞	9⅞
ECU Linked Dep. Bid	-	-	9$\frac{9}{16}$	9$\frac{9}{16}$	9¾	9¾

Treasury Bills (sell); one-month 10⅛ per cent; three months 9$\frac{13}{16}$ per cent; six months 9⅝ per cent; Bank Bills (sell): one-month 10$\frac{3}{16}$ per cent; three months 10$\frac{1}{32}$ per cent; Treasury Bills: Average tender rate of discount 9.8476 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day September 30, 1991. Agreed rates for period Oct.26, 1991 to November 25, 1991, Scheme I: 11.70 p.c. Schemes II & III: 11.64 p.c. Reference rate for period August 31, 1991 to September 30, 1991, Scheme IV&V: 10.351 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from September 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

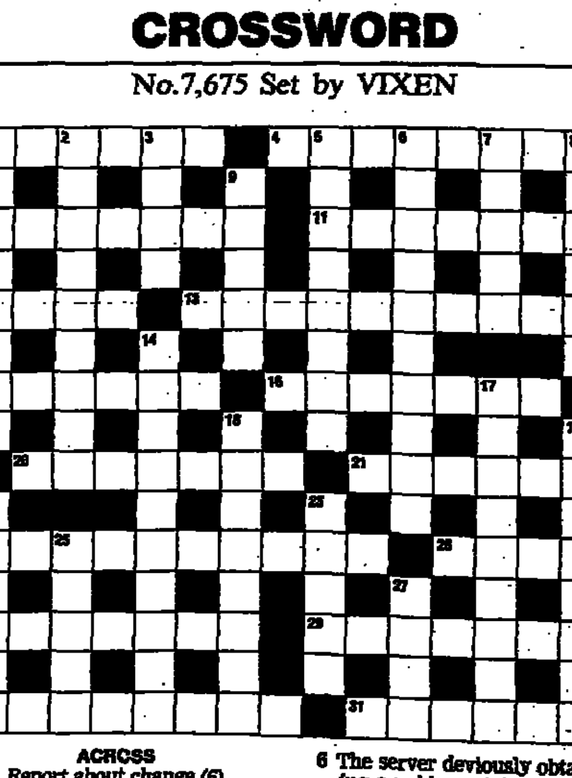
Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,675 Set by VIXEN



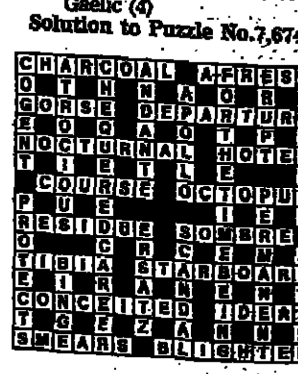
ACROSS

1 Report about change (6)
4 Get less, as per agreement (8)
10 A craftsman has the edge in role-playing (7)
11 The squeeze that restricts one personally (7)
12 Not all want a skilled job (4)
13 Resolution shown by the community (10)
15 Beginning alternatively with a single drink (6)
16 Held on to key and rent (7)
20 Upsetting reverse getting harder to endure (7)
21 "A great ... and darkness fell upon Christian" Bunyan (6)
24 In favour of trial, though raising some objection (10)
26 Telephone circuit (4)
28 An accommodating vehicle, this (7)
29 The left retaining a number would be a forewarning (7)
30 Riders do badly, so complaint is made (8)
31 Grounds for a boy to follow soldiers (6)

DOWN

1 Oriental involvement could be telling (8)
2 Revolutionary admission (9)
3 Swindle organised by a painter and a politician (4)
5 An opening for a music man (8)
6 The server deviously obtaining a noble post (10)
7 Saw a dunderhead mature (5)
8 Two-nil score (6)
9 People go for this colour! (5)
14 Jailbird who's prepared to compromise? (10)
17 Peers admitting trendy ways can show precocity (9)
18 Fine words! (8)
19 Tories getting into a morass panic (8)
22 Raced around a large number set out at intervals (6)
23 Covertly attack certain fliers (5)
25 Goes off without the right when ugly customers appear (5)
27 Some Irishmen converse in Gaelic (4)

Solution to Puzzle No.7,674



WORLD STOCK MARKETS

AUSTRIA

October 17	Sch	+ or −
Austrian Airlines	2 400	−40
Creditanstalt	491	−14
EA General	3 041	−4
EVN	807	+10
Jungbunzlauer	9,850	+40
OeMV	967	+8
Perlmooser Zement	1,615	−4
Radex Heraklith	560	+11
Reninghaus Erne	1,700	−20
Steyr Daimler	308	..
Veitscher Magnesit	364	+15
Verbund (Br) A	500	+4
Wienerberger	5,000	+151
Z-Laenderbank	935	..

BELGIUM/LUXEMBOURG

October 17	Frs.	+ or −
ACEC-Union Min	1,940	
Arbed	4,115	+30
BBL	2,840	..
Bank Intl a Lux	11,000	..
Banq Gen Lux Pts	12,250	
Barco	1,020	+14
Bekaert	9,660	+90
CBR Ciment	7,850	−40
Cobepa	4,920	−20
Cobepa AFV 1	4,900	
Cockerill Priv	164	..
Colruyt	3,910xa	−10
Delhaize Frs Lion	7,690	−10
Electrabel	4,515	−25
Electrabel AFV	4 485	
Electrafina ACT	2,720	+15
Fabrique Nat	38	−10
GBL	3,315	+15
GBL AFV 1	3,130	−40

FRANCE (continued)

October 17	Frs.	+ or −
Beghin-Say	618	+2
Beghin-Say Cert inv	459	+9
Bongrain	2 515	+60
Bouygues	601	−2
CGIP	1,002	−17
CM B Packaging	143.40	+1 40
Canal+	1 062	−8
Cap Gemini S	302 50	−0 50
Carrefour	2,920	
Casino	154.50	+2 40
Cetelem	621	−1
Chargeurs	950	+5
Club Mediterranee	442	−6.50
Coflexip	345 10	−2 70
Cogema	590	..
C C F	174 50	+0 50
Cr Fonc France	1 082	+11
Cred Lyon (CI)	530	−3
Credit National	1,180	−6
Damart	2 002	−8
Docks de France	354 50	−6 50
Dollfus Mieg Cie	335	−1
EBF	735	−5
Eaux Cie Gen	2,395	+10
Ecco	393	+9
Elf-Aquitaine	404 10	−6 40
Elf-Aquitaine Certs	252 40	−0 50
Essilor Intl	331	−3
Elex	1,710	+1
Eurafrance	1,525	−5
Eurocom	679	+7
Euro Disney	138	−0 50
Europe 1	1,150	+10
Finextel	129.50	−0 40
Fonc Lyonnaise	603	+1
From Cet Auv	2,490	−10
GTM-Entrepose	391	+6
Gal. Lafayette	1 600	+53
Gaumont (Soc N)	720	−5

[illegible]

CANADA

TORONTO 4:00 pm prices October 17

122800	CanTire A	$23⅝	23⅛	23⅛	−⅛
8800	Can Util A x	$20¼	20⅛	20¼	+⅛
800	Can Util B	$20⅝	20⅝	20⅝	+⅛
17800	Canamax	28	27	27	−1
3200	Canfor	$23½	23	23	−½
700	CnPcForest	$28½	28¼	28⅛	+½
2400	Cara Op	$5½	5¼	5¼	
4400	Cascades	u$6	6	6	+⅛
18800	Celanese	$38½	38½	38½	
6000	Cntrl Cap	130	130	130	
17800	Chieftain Dvl	440	435	440	+15
4000	Cntrl Fd A	445	d435	445	
2700	Ivaco A	336	325	336	+15
600	Jannock	$16	16	16	+⅛
6000	KerrAddis	$14¾	14½	14¾	+½
74700	Labatt	$28⅛	25½	28⅛	+⅜
537000	Lac Minls	$9⅞	9¾	9⅞	+⅜
1800	Lafarge	$14½	14½	14⅝	
216500	Laidlaw A	$12	11½	11½	−⅛
786800	Laidlaw B	$11⅞	11¾	11⅞	−1
300	Laurent Bk	$18¾	18⅞	19	
120800	Ranger Oil	u$9¼	9	9⅛	+⅛
100	Rayrock	$5¼	5⅛	5⅞	
17400	Reed Stan	$23	23	23	+⅛
100	Reliant S x	$17	17	17	
41100	Ren'ssance	$14¼	14½	14⅝	+⅛
4800	Repap Ent	$5⅞	5½	5⅞	+⅛
4500	Rio Algom	$15⅝	15⅜	15⅝	
273400	RogersComB	u$13	12½	12⅝	
200	Rothmans	$72⅝	72⅝	72⅝	
480000	RoyalBkCan	$26⅞	26½	26¾	−⅛
10000	Ryl Oak Mn	90	88	88	−2

MONTREAL 4:00 pm prices October 17

6400	DominTxt A	$6⅜	6⅛	6⅜	
9600	MacleanHnt	$10⅛	10¼	10⅛	
190200	NatBk Can	$11	10¾	10⅞	−⅛
8800	Provigo x	$12⅛	12	12⅛	+⅛
7700	Quebecor A	$19	18⅞	19	+⅛
200	Teleglobe	$9⅛	d9½	9⅝	
13300	Videotron	$13	12⅝	12⅞	+⅛

Total Sales 16,408,100 shares

INDICES

NEW YORK

DOW JONES	Oct 17	Oct 16	Oct 15	Oct 14	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3053 00	3061.72	3041.37	3019.45	3061.72 (16/10)	2470.30 (9/1)	3061.72 (16/10/91)	41.22 (2/7/32)
Home Bonds	97.25	97.24	97.15	97.10	97.30 (4/10)	91.30 (16/1)	97.30 (4/10/91)	54.99 (1/10/81)
Transport	1286 43	1286.06	1253.18	1240.28	1286.43 (17/10)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	214.51	214.26	214 45	213.95	220.89 (16/4)	195 17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High (a) (3082.29) Low (a) (3016.10)

STANDARD AND POOR'S	Oct 17	Oct 16	Oct 15	Oct 14	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	391.92	392.80	391.01	386.47	396.64 (28/8)	311.49 (9/1)	396.64 (28/8/91)	4.40 (1/6/32)
Industrials	464 17	464.98	462.40	456.78	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	31.74	31.95	31.84	31.18	32.24 (14/8)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	215.80	216.05	214.90	212.57	217.17 (28/8)	170.97 (9/1)	217.17 (28/8/91)	4.46 (25/4/42)
Amex Mkt. Value	381.11	381.91	376.94	372.66	381.91 (16/10)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	536.27	540.94	534.11	525.66	540.94 (16/10)	355.75 (14/1)	540.94 (16/10/91)	54.87 (31/10/72)

	Oct 11	Oct 4	Sep 27	year ago (approx.)
Dow Industrial Div. Yield	3.10	3.12	3.08	4.23
	Oct 16	Oct 9	Oct 2	year ago (approx.)
S & P Industrial div. yield	2.69	3.24	2.74	3.59
S & P Indl. P/E ratio	21.44	20.53	21.14	14.15

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Citicorp	4,084,200	11⅞	+ ⅛
Am T&T	3,943,900	39	- ⅛
Reebok	3,884,700	30	- 3⅞
Westingh'se El	3,628,800	17	- ⅛
Entera	2,531,700	21½	+ 1
RJR Nabisco	2,099,900	10⅛	- ⅛
Pepsico	2,025,600	28¼	- ⅜
Amer Express	1,941,800	21	- ½
Bristol Myers	1,846,000	82⅛	- 1⅛

TRADING ACTIVITY

† Volume (Millions)	Oct 17	Oct 16	Oct 15
New York SE	202.780	225.290	213.440
Amex	15.419	18.765	14.192
NASDAQ	(u)	223.332	177.928
NYSE			
Issues Traded	2,130	2,134	2,099
Rises	776	1,099	1,151
Falls	818	610	475
Unchanged	536	485	473
New Highs	153	193	172
New Lows	13	14	20

CANADA

TORONTO	Oct 17	Oct 16	Oct 15	Oct 14	1991 HIGH	1991 LOW
Metals & Minerals	3015.69	3044.31	2937.29	(c)	3299.99 (18/7)	2632.06 (9/1)
Composite	3466.15	3462.96	3416.68	(c)	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1841.04	1845.70	1821.66	(c)	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Oct 17	Oct 16	Oct 15	Oct 14	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1612.5	1591.4	1586.5	1563.8	1612.5 (17/10)	1204.5 (16/1)
All Mining (1/1/80)	647.1	634 4	634.2	624.9	707.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	412.79	411.40	413.85	416.99	534.81 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1107.38	1105.65	1105.53	1104.79	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	357.02	358.15	358 45	357.88	380.04 (2/8)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	853.5	853.2	848.6	854.0	1136.9 (8/4)	840.3 (2/10)
FRANCE						
CAC General (31/12/82)	494.76	492.27	489.07	487.47	497.62 (2/10)	394.88 (15/1)
CAC 40 (31/12/87)	1855.47	1863.40	1856.89	1835.98	1887.29 (1/10)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	639.90	649.83	653.76	647.13	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1802.2	1825.3	1836.2	1817.8	2085.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1564.51	1570.11	1585.04	1571.04	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4018.43	(c)	4033.75	4022.21	4093.41 (3/10)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1447.61	1442.31	1431.46	1422.10	1529.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	(u)	522.74	(u)	(u)	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	24439.85	24334.67	24307.65	23860.67	27146.91 (18/3)	21456.76 (19/8)
Tokyo SE (Topix) (4/1/68)	1858.58	1850.65	1848.56	1835.59	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	2830.06	2826.39	2836.88	2847.23	3423.45 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	517.59	517.24	514.59	518.80	635.02 (29/5)	478.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn Gen.(End 1983)	281.2	281.2	280.6	276.9	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	197.8	197.8	197.3	194.8	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	711.32	698.41	704.30	710.48	793.53 (26/8)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	1018.85	1034.22	1030.53	1009.15	1183.40 (29/5)	582.64 (18/1)
SINGAPORE						
SES All-Singapore (2/4/75)	378.11	376.16	376.36	377.00	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1174.0	1155.0	1183.0	1192.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4061.0	4027.0	4049.0	4056.0	4237.0 (10/9)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	695.76	692.06	700.18	703.81	763.10 (6/8)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	264.84	265.47	263.55	263.06	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	970.00	972.20	965.20	986.9	1149.8 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	756.3	753.8	744.6	742.7	769.2 (29/8)	590.4 (14/1)
SBC General (1/4/87)	615.7	614.2	609.7	609.0	638.8 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4304.04	4309.23	4568.61	4554.50	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	614.08	626.36	(c)	(c)	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (S)	521.1*	519.2	517.9	515.9	529.2 (17/4)	439.1 (16/1)

**Saturday October 12: Taiwan Weighted Price: 4823.67. Korea Comp Ex. 701.99

♦ Subject to official recalculation. *Calculated at 15.00 GMT.

Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday, 17 October, 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Meiji Milk Prods	31.4m	1,130	+120	Japan Strge Bat.	5.6m	1,010	0
Nippon Mining	10.8m	620	+12	Toray Ind	4.7m	678	-29
Nippon Zeon	8.5m	671	-39	Cosmo Oil	4.7m	933	+9
Nissho Iwai	7.8m	690	+30	Mitsui	4.7m	843	+9
Teikoku Oil	6.8m	1,000	+10	Toyo Tire Rbr	4.7m	884	+5

4:00 pm prices October 17

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
$16\frac{7}{8}$	$9\frac{1}{4}$	AAR Corp x	0.48	0.03	19	564	14	$13\frac{1}{2}$	14	$+\frac{3}{8}$
$18\frac{3}{4}$	$14\frac{1}{2}$	A L Labs A	0.16	0.01	20	1855	$18\frac{1}{2}$	$18\frac{1}{8}$	$18\frac{1}{4}$	
$55\frac{7}{8}$	$40\frac{7}{8}$	AMP Inc	1.44	0.03	18	2275	51	$50\frac{1}{4}$	$50\frac{7}{8}$	$+\frac{1}{2}$
$68\frac{5}{8}$	$44\frac{1}{4}$	AMR				127604	$65\frac{1}{4}$	$64\frac{1}{8}$	$64\frac{1}{2}$	$-1\frac{1}{8}$
$2\frac{5}{8}$	1	ARX			1	15	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	
56	$41\frac{1}{2}$	ASA	3.50	0.07	14	742	$49\frac{3}{4}$	$48\frac{5}{8}$	$49\frac{3}{8}$	$+\frac{7}{8}$
$55\frac{3}{4}$	$39\frac{1}{4}$	Abbott Lab x	1.00	0.02	22	4264	u$56\frac{1}{8}$	$55\frac{1}{8}$	$56\frac{1}{8}$	$+\frac{1}{4}$
$14\frac{5}{8}$	$9\frac{7}{8}$	Abitibi Pr x	0.50	0.04	24	31	$13\frac{1}{8}$	$13\frac{1}{8}$	$13\frac{1}{8}$	
$11\frac{5}{8}$	$10\frac{1}{2}$	ACM Gv In x	1.26	0.11		454	u$11\frac{5}{8}$	$11\frac{1}{2}$	$11\frac{1}{2}$	$-\frac{1}{8}$
$9\frac{3}{4}$	$8\frac{3}{4}$	ACM GvOpp x	1.01	0.10		107	$9\frac{5}{8}$	$9\frac{1}{2}$	$9\frac{5}{8}$	$-\frac{1}{8}$
$9\frac{1}{2}$	$8\frac{1}{4}$	ACM Gvt Sp	1.01	0.11		591	$9\frac{1}{4}$	$9\frac{1}{8}$	$9\frac{1}{4}$	$-\frac{1}{8}$
11	$9\frac{7}{8}$	ACM Gvt Se	1.26	0.11		476	u11	$10\frac{7}{8}$	11	$+\frac{1}{8}$
9	$7\frac{5}{8}$	ACM Man x	1.01	0.11		837	u9	$8\frac{7}{8}$	$8\frac{7}{8}$	$-\frac{1}{8}$
$12\frac{7}{8}$	$11\frac{1}{2}$	ACM Mangd x	1.35	0.11		271	$12\frac{3}{4}$	$12\frac{5}{8}$	$12\frac{5}{8}$	$-\frac{1}{8}$
$7\frac{1}{2}$	$4\frac{3}{4}$	Acme Cleve x	0.40	0.06	17	109	$6\frac{3}{4}$	$6\frac{1}{2}$	$6\frac{5}{8}$	
6	$3\frac{1}{8}$	Acme Elect			2	14	$4\frac{1}{4}$	$4\frac{1}{8}$	$4\frac{1}{8}$	
40	$22\frac{1}{4}$	Acuson			24	1107	$35\frac{1}{2}$	$34\frac{7}{8}$	$35\frac{1}{8}$	
$19\frac{3}{4}$	$14\frac{1}{4}$	Adams Expr	0.73	0.04	0	43	u$19\frac{3}{4}$	$19\frac{1}{8}$	$19\frac{1}{4}$	$+\frac{1}{8}$
$20\frac{1}{8}$	$17\frac{1}{2}$	Adobe12Pf	2.40	0.12		66	$19\frac{5}{8}$	$19\frac{5}{8}$	$19\frac{5}{8}$	
$9\frac{1}{4}$	$6\frac{5}{8}$	Adobe Res			48	406	$7\frac{1}{4}$	7	$7\frac{1}{4}$	$+\frac{1}{4}$
$36\frac{1}{8}$	19	Ad Micro				52	$34\frac{7}{8}$	$34\frac{5}{8}$	$34\frac{3}{4}$	$+\frac{1}{4}$
$14\frac{1}{4}$	$4\frac{3}{8}$	Ad Micro P	3.00	0.27	85	4983	$11\frac{1}{4}$	$10\frac{7}{8}$	$11\frac{1}{8}$	$-\frac{1}{4}$
$5\frac{1}{2}$	$2\frac{1}{4}$	Advest Grp	0.16	0.04	8	229	$4\frac{1}{4}$	4	$4\frac{1}{4}$	$+\frac{1}{8}$
$49\frac{1}{8}$	$31\frac{7}{8}$	Aetna Lf x	2.76	0.07	76	151	$37\frac{1}{4}$	$36\frac{1}{8}$	37	$+\frac{1}{8}$
$10\frac{5}{8}$	$6\frac{5}{8}$	Affil A	0.24	0.03	44	1476	8	$7\frac{7}{8}$	8	$-\frac{1}{8}$
$20\frac{7}{8}$	12	Ahmanson	0.88	0.05	10	3693	$17\frac{1}{8}$	$16\frac{3}{4}$	$16\frac{7}{8}$	$-\frac{1}{4}$
$16\frac{3}{8}$	$2\frac{7}{8}$	Aileen Inc			15	178	u$16\frac{1}{2}$	$16\frac{1}{8}$	$16\frac{1}{2}$	$-\frac{1}{8}$
$74\frac{1}{2}$	$51\frac{1}{8}$	Air Pr Chm	1.56	0.02	15	851	$72\frac{1}{4}$	$71\frac{1}{4}$	$71\frac{1}{2}$	$-\frac{1}{2}$
30	$18\frac{5}{8}$	Airbne Frt	0.30	0.01	16	731	$26\frac{1}{4}$	$25\frac{3}{4}$	$25\frac{3}{4}$	$-\frac{1}{4}$
$19\frac{3}{8}$	$12\frac{1}{2}$	Airgas Inc			104	98	$18\frac{3}{4}$	$18\frac{1}{2}$	$18\frac{3}{4}$	
$15\frac{1}{4}$	10	Airlease	1.68	0.13	6	30	$12\frac{7}{8}$	$12\frac{5}{8}$	$12\frac{5}{8}$	$-\frac{1}{4}$
98	$88\frac{1}{4}$	AlaPw8.16	8.16	0.08		5	u98	$97\frac{1}{2}$	98	
$25\frac{1}{2}$	$21\frac{1}{2}$	AlaPw PfA	2.00	0.08		11	u$25\frac{1}{2}$	$25\frac{1}{8}$	$25\frac{1}{8}$	
107	100	AlaPw9.44	9.44	0.09		5	$105\frac{1}{2}$	$105\frac{1}{4}$	$105\frac{1}{4}$	
108	$102\frac{5}{8}$	Alab Pw 11				2	104	104	104	
104	96	Alab Pw 9P	9.00	0.09		z100	103	103	104	+1
98	88	Alab 8.28C	8.28	0.09		3	u99	98	99	+1
11	$9\frac{1}{2}$	AlaPwDpPf	0.87	0.08		29	$10\frac{1}{2}$	$10\frac{1}{4}$	$10\frac{1}{4}$	$-\frac{3}{8}$
$25\frac{3}{8}$	$17\frac{1}{2}$	Alaska Air x	0.20	0.01	98	391	22	$21\frac{1}{2}$	$21\frac{5}{8}$	$-\frac{1}{4}$

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low
$20\frac{7}{8}$	$13\frac{7}{8}$	Beckman In	0.28	0.01	16	285	$19\frac{3}{4}$	19
$81\frac{1}{2}$	63	Becton Dkn	1.16	0.02	14	1627	$70\frac{3}{4}$	70
$22\frac{1}{2}$	$15\frac{3}{4}$	Belding Hy	0.64	0.03	82	112	$19\frac{3}{4}$	$18\frac{7}{8}$
54	$40\frac{3}{4}$	Bell Atlan x	2.52	0.06	13	3457	$45\frac{3}{8}$	$44\frac{3}{4}$
$13\frac{5}{8}$	9	Bell Indus x	0.40	0.04	78	88	$9\frac{3}{8}$	$9\frac{1}{4}$
55	$46\frac{1}{4}$	BellSouth x	2.76	0.06	14	0034	$47\frac{1}{2}$	$46\frac{5}{8}$
$33\frac{3}{4}$	$26\frac{1}{4}$	Belo AH A	0.52	0.02	21	422	$29\frac{5}{8}$	$28\frac{3}{4}$
$41\frac{3}{4}$	$28\frac{7}{8}$	Bemis	0.84	0.02	19	137	$37\frac{5}{8}$	$37\frac{1}{2}$
$48\frac{3}{4}$	44	Benef 4.3P	4.30	0.09		2	$47\frac{5}{8}$	$47\frac{5}{8}$
$68\frac{1}{2}$	$40\frac{1}{2}$	Benef	2.60	0.04	11	127	$64\frac{1}{4}$	$63\frac{1}{2}$
17	$12\frac{3}{4}$	Benetton A	0.26	0.02	13	36	$16\frac{3}{4}$	$16\frac{1}{2}$
$1\frac{1}{2}$	$\frac{3}{4}$	Benguet B			13	445	[illegible]	$\frac{7}{8}$
9000	6550	Berksh Hwy			24	4	8525	8500
$19\frac{3}{4}$	$12\frac{3}{4}$	Berlitz	0.56	0.03	33	128	19	$18\frac{3}{4}$
$16\frac{1}{2}$	$12\frac{3}{4}$	Berry Petr	0.60	0.04	17	65	$14\frac{3}{4}$	$14\frac{1}{2}$
$32\frac{3}{4}$	$5\frac{1}{4}$	Best Buy			38	215	$32\frac{1}{2}$	$31\frac{7}{8}$
$25\frac{1}{2}$	$19\frac{3}{4}$	Beth St 2	2.50	0.10		29	25	$24\frac{3}{4}$
50	$37\frac{1}{4}$	Bethlhm Pf	5.00	0.10		53	49	49
$18\frac{3}{8}$	$12\frac{1}{4}$	Bethlhm St	0.40	0.03		13216	$15\frac{3}{4}$	15
$12\frac{5}{8}$	$7\frac{3}{8}$	Beverly En			31	3633	$9\frac{1}{2}$	$9\frac{1}{4}$
$19\frac{3}{4}$	$13\frac{1}{4}$	Biocraft	0.10	0.01	347	27	$17\frac{3}{4}$	$17\frac{1}{4}$
$18\frac{1}{2}$	$12\frac{5}{8}$	Birmingm S	0.50	0.03	18	4208	u$18\frac{1}{2}$	$17\frac{3}{4}$
$19\frac{5}{8}$	$8\frac{1}{2}$	Black & D	0.40	0.02	27	4240	$17\frac{3}{4}$	18
$40\frac{1}{8}$	$29\frac{1}{4}$	Black H PL	1.78	0.05	14	43	$36\frac{5}{8}$	$35\frac{1}{2}$
$11\frac{1}{8}$	10	BlkstnAdv x	0.98	0.09		176	11	$10\frac{7}{8}$
$10\frac{3}{4}$	$8\frac{3}{4}$	Blackst In x	1.00	0.10		1561	$10\frac{1}{8}$	10
$10\frac{7}{8}$	$9\frac{7}{8}$	Blackst Tr x	0.95	0.09		651	u$10\frac{7}{8}$	$10\frac{3}{4}$
$35\frac{3}{4}$	20	Block H&R	0.88	0.02	13	2075	u$35\frac{1}{2}$	$34\frac{3}{8}$
$15\frac{3}{4}$	$7\frac{3}{4}$	Blockbustr	1.16	0.09	26	1544	13	$12\frac{5}{8}$
$7\frac{3}{4}$	$5\frac{1}{2}$	Blue Chip x	0.80	0.11		154	$7\frac{5}{8}$	$7\frac{1}{2}$
$9\frac{3}{8}$	$3\frac{1}{8}$	BMC Ind			11	143	$8\frac{3}{4}$	$8\frac{1}{2}$
53	$42\frac{5}{8}$	Boeing	1.00	0.02	11	9404	$50\frac{3}{8}$	$49\frac{3}{4}$
$29\frac{3}{4}$	$22\frac{3}{8}$	Boise Casc	1.52	0.06	19	743	$23\frac{7}{8}$	23
$9\frac{3}{8}$	$4\frac{3}{8}$	Bolt B & N	0.06	0.01	10	224	$5\frac{3}{4}$	$5\frac{1}{8}$
$13\frac{7}{8}$	$8\frac{3}{8}$	Bordn Ch	1.89	0.13	9	399	u$14\frac{1}{2}$	$13\frac{7}{8}$
$14\frac{3}{4}$	$8\frac{5}{8}$	Bordn Ch U	1.36	0.10	92	382	u$14\frac{3}{4}$	$14\frac{1}{8}$
$38\frac{3}{4}$	$28\frac{1}{4}$	Borden Inc	1.14	0.03	13	2344	$33\frac{7}{8}$	$32\frac{7}{8}$
$19\frac{3}{4}$	$16\frac{1}{8}$	Bostn Celt	2.25	0.13	13	49	$17\frac{3}{8}$	17
$18\frac{3}{4}$	$14\frac{1}{2}$	BstnE PfC	1.46	0.08		24	u$16\frac{7}{8}$	$16\frac{3}{4}$

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NYSE COMPOSITE PRICES

Continued from previous page

1990 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
84¼	73⅛	RylDutch	4.23	0.05	10	2671	82½	81¾	82½	-¼
11	7½	Royce Val				392	10	9⅞	10	+⅛
59¾	37	Rubbermaid	0.80	0.01	29	881	58	57¼	57⅝	
16¼	10½	Ruddick	0.39	0.02	13	164	16⅛	15⅞	15⅞	-⅛
18¼	13	RussBerrie	0.80	0.04	13	277	17⅛	16⅝	16⅝	-⅜
7⅛	2¼	Russ Togs	0.20	0.08	0	308	2½	2⅜	2½	+⅛
30⅞	19¼	Russell Cp	0.32	0.01	23	220	29	28¼	28½	-½
21⅝	14	Ryder Syst	0.60	0.03	27	1412	19	18⅝	18⅞	-⅛
25¼	13¼	Ryland Gp x	0.60	0.03	36	75	23⅛	22⅞	22⅞	-⅜

- S -

1990 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
26⅞	20½	S Atlla Rt x	2.08	0.09	18	299	22⅞	22½	22¾	-⅛
16½	11½	SCOR US Cp	0.24	0.02	9	11	15⅛	15⅛	15⅛	
37	20¼	SPS Techno	1.28	0.06	10	30	23¼	22⅞	23	-½
2⅞	[illegible]	SaatchiAS	0.19	0.30		63736	[illegible]	[illegible]	[illegible]	-⅛
13	11	Sabine Rit x	1.18	0.09	7	10	12⅝	12⅝	12⅝	
9⅞	5⅞	Safecard	0.15	0.02	6	580	9⅛	8⅞	9⅛	+⅛
13⅞	6⅝	Safeg'd Sc			3	43	12⅝	12⅛	12⅝	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8¾	3½	SunshinePt	1.19	0.33		52	3⅝	3⅝	3⅝	
2⅛	1¼	SunshineMn				290	1⅜	d1¼	1⅜	
37⅞	20½	Suntrust	0.92	0.02	12	1845	35⅞	35½	35⅞	+⅛
18½	12¾	Super Food	0.34	0.02	11	170	15⅞	15⅜	15½	-½
30⅛	21⅝	Super Valu x	0.72	0.03	12	640	26⅛	25	25⅞	-¼
30⅝	15½	Superior	0.28	0.01	25	575	u30⅞	29¾	30¾	+1
14½	11½	Swiss Helv x	0.03	0.00		119	13¼	13	13	-¼
26¾	10¾	Symbol Tec			37	2014	25⅜	24½	24⅞	+⅛
12⅛	7¼	Syms Corp			10	35	9⅛	8⅞	9⅛	
18¼	13⅛	Synovus Fn	0.38	0.02	16	54	18⅛	18	18	
47⅞	30¾	Syntex Crp	0.92	0.02	22	7325	43⅝	42½	43⅜	+½
47⅝	30	Sysco Corp x	0.28	0.01	25	1506	43	42⅛	42¼	-½
9⅞	4⅝	Systems Cn			4	473	u10⅛	9⅝	10¼	+⅞

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- U -

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
42¾	26⅞	USLIFE Crp	1.64	0.04	9	106	[illegible]	[illegible]	[illegible]	[illegible]
18	9	UtdStShoe	0.52	0.04	20	1093	[illegible]	[illegible]	[illegible]	[illegible]
83⅞	31¼	US Surgcl	0.30	0.00	72	3272	[illegible]	[illegible]	[illegible]	[illegible]
40¾	34	US West x	2.08	0.06	11	2612	[illegible]	[illegible]	[illegible]	[illegible]
51½	42⅛	UtdTechns	1.80	0.04	11	5867	[illegible]	[illegible]	[illegible]	[illegible]
31½	21½	UtdTelec x	1.00	0.04	14	1375	[illegible]	[illegible]	[illegible]	[illegible]
15⅝	10⅞	UtdWater x	0.92	0.06	13	217	[illegible]	[illegible]	[illegible]	[illegible]
7⅛	3	Unitrode			37	151	[illegible]	[illegible]	[illegible]	[illegible]
40⅜	28⅝	Univ Foods x	0.84	0.02	18	513	[illegible]	[illegible]	[illegible]	[illegible]
16⅞	11	Univ Hlth	1.56	0.10	10	131	[illegible]	[illegible]	[illegible]	[illegible]
4⅞	1½	UnivMed L			34	4	[illegible]	[illegible]	[illegible]	[illegible]
17⅛	10	Univar Crp	0.30	0.02	134	153	[illegible]	[illegible]	[illegible]	[illegible]
52	23⅝	Unival Crp	1.56	0.03	14	95	[illegible]	[illegible]	[illegible]	[illegible]

- V -

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- X - Y - Z -

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
62⅛	35¼	Xerox x	3.00	0.05	11	2925	u62¼	61⅛	61⅞	+⅜
61½	43¼	Xerox4 125 x				15	50½	50¼	50¼	
23⅞	14⅛	Xtra 1.94				66	u23⅞	23½	23½	-⅜
27¼	14¾	Xtra Corp	0.72	0.03	60	54	u27¼	27	27¼	-⅜
28½	21¾	Yankee Egy	1.60	0.06	12	79	26¼	25⅞	26⅛	-⅜
1½	⅞	Zapata			2	669	[illegible]	⅞	⅞	
9⅞	5¼	ZenithElec			1	421	5½	d5¼	5⅜	
18½	12	Zenith Nat x	1.00	0.06	94	123	16¼	15⅞	16⅛	-⅛
6⅞	4½	Zenix Inc	0.84	0.13		89	u6⅞	6⅜	6⅝	+⅛
15⅛	10⅞	Zero Corp	0.40	0.03	15	546	13	12¾	12¾	-⅜
41⅞	29½	Zurn Ind	0.88	0.02	15	335	37	36½	36⅝	-¼
13½	10¼	Zweig Fund x	1.16	0.09		183	13	12⅞	12⅞	-⅛
10⅜	8½	Zweig Totl x	0.96	0.09		389	u10⅜	10¼	10¼	-⅛

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4:00 pm prices October 17

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Acton Cpr		0	30	4	4	4	
Air Expr x	0.16	8	165	18⅞	18⅛	18⅝	+⅛
Allin Inc		1	4	[illegible]	[illegible]	[illegible]	-[illegible]
Alstrinm		0	333	[illegible]	[illegible]	[illegible]	+[illegible]
Alpha Ind		15	5	3	2⅞	2⅞	
Alza Cp A		92	1810	u75¼	73⅞	74¼	+¼
Am Isr Pa	0.34	12	2	39½	39½	39½	-⅛
Amdura A	0.64	8	65	17½	17	17	-¼
Am Scaffer	1.48	7	408	8⅞	8⅛	8⅛	-¼
Amdahl Cp	0.10	12	886	14½	14⅛	14¼	-⅛
Am Expl		72	390	3⅞	3⅝	3⅝	-¼
Ampal-AmA		46	11	3¼	3¼	3¼	
Astrotech		69	169	u7⅝	7⅛	7⅜	+¼
Atari		40	49	1⅞	d1⅝	1⅝	-⅛
AtlasCM B		8	40	[illegible]	d[illegible]	[illegible]	
Audiovx A		3	11	1⅞	1¼	1¼	
B&H Ocean	2.85	5	18	9⅞	9¾	9⅞	-⅛
BaldwnT A	0.03	9	90	6	5⅞	5⅞	
Barry RG		1	151	3½	3⅜	3⅜	-⅛
BAT Ind	0.86	41	132	10[illegible]	10⅞	10[illegible]	
Beard Oil		0	10	2½	2½	2½	-⅛
Bergen Br	0.40	14	1557	22⅝	21⅞	22	-⅜
Bio Rad [illegible]	1.00	16	27	22⅝	22¼	22⅜	-⅛
Bio-Rad A		14	147	18⅛	18	18	
Blount A	0.45	30	33	7½	7⅜	7½	

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Cntrl FdA	0.01		103	4	3⅞	3[illegible]	
Cominco	0.50	230	50	21⅛	20¾	20¾	-⅛
Compudrac		8	8	1⅛	1⅛	1⅛	
Concd FbA		7	18	4⅝	4½	4⅝	-⅛
Contl Air		0	335	1⅜	d1¼	1¼	-⅛
Corona A	0.10	443	232	4½	4⅜	4[illegible]	
CrossAT A	1.28	19	488	27⅝	27⅛	27½	+⅛
Crown C A	0.40	20	16	25¼	24⅞	25	
Crown C B	0.40	11	30	23¾	23⅝	23⅝	+⅛
Cubic	0.53	7	18	20¼	19⅞	19⅞	-⅜
Customedx		8	48	¼	d¼	¼	
CypressFd	0.36		42	5⅞	5⅞	5⅞	
Datametr		4	22	[illegible]	[illegible]	[illegible]	
DI Inds		62	13	1⅛	1⅛	1⅛	
Ducommun		8	95	4¼	4	4⅛	+⅛
Duplex	0.48	15	49	11⅛	11	11	
DWG Corp		2	472	2	d1⅞	1⅞	-⅛
Eastn Co	0.44	8	7	10⅛	10⅛	10	
Eastgroup	2.00	17	140	12½	d12⅛	12½	+¼
Echo Bay	0.08	58	3213	8⅛	7⅞	8⅛	+¼
Ecol En A	0.20	11	56	15⅛	14⅞	15	-½
Edisto		1	161	4⅝	4⅛	4⅛	+⅛
Engy Serv		49	1221	2⅛	d2	2	-⅛
Env Mktg		0	7	[illegible]	[illegible]	[illegible]	-[illegible]
Fab Inds	0.80	15	311	u29⅝	28⅞	29¼	+⅜

NASDAQ NATIONAL MARKET

4:00 pm prices October 17

CZECHOSLOVAKIA

The FT proposes to publish this survey on November 7 1991.

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FT SURVEYS

FINANCIAL TIMES Friday October 18 1991

AMERICA

Profit-taking pulls Dow back from record high

Wall Street

Concern about inflation and some morning profit-taking took their toll on equities yesterday, pushing stocks prices lower, *writes Karen Zagor in New York.*

The Dow Jones Industrial Average fell 8.72 to 3,053 on fairly heavy volume of 205.5m shares after dropping almost 20 points at mid-session. On Wednesday the Dow added 20.35 on to close at a record 3,061.72. Although declines led advances by a slim margin of 811 to 773, all of the Dow Jones averages posted declines through most of the day before the utilities and transportation indices turned higher in the last half hour of trading.

The broadly based Standard & Poor's 500 also lost ground, sliding 0.89 to 391.91.

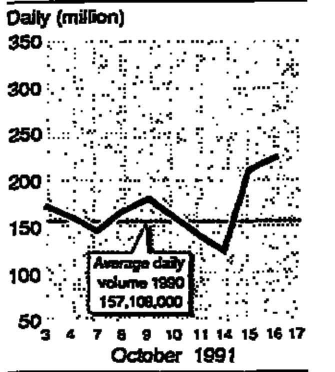
Trading opened on a weak note after the release of September's consumer price index, a gauge of inflation, which rose 0.4 per cent, above the 0.2 per cent Wall Street had expected. The news pushed bond prices sharply lower, and the Treasury's benchmark 30-year bond lost 1 19/32 to yield 8.02 per cent in late trading.

Citicorp, which startled the market with its $885m third quarter loss, turned higher yesterday after two days of losses. The issue led the NYSE's most active list in the day, adding $¼ to $12.

BankAmerica lost $1⅝ to $42¾ after unveiling a decline in third quarter earnings to $1.20 a share from $1.26.

Tredegar Industries was one of the biggest winners of the day, jumping $1⅛ to $9 on the back of its third quarter earnings of 22 cents a share, against a loss of 44 cents last year. Among other active issues, Westinghouse slipped $⅛ to $17⅛, and Eastman Kodak eased $¼ to $45⅝.

NYSE volume



Reebok, the athletic shoe maker, tumbled $3¾ to $30⅛ after several analysts cut their rating on the stock amid concern about the issue's high valuation, in spite of the company's strong third quarter profits.

Enterra climbed $1 to $21½ after an 11.8 per cent stake in the company was sold by Shamrock Holdings, an investment vehicle of the Roy Disney family.

Waste Management, the biggest US waste disposal company which turned in solid earnings earlier this week, added $1 to $38¼.

Secondary issues followed the primary market lower yesterday. In late trading, the Nasdaq composite was off 4.67 at 536.27.

Disappointing results from St Jude Medical spurred heavy trading in the stock, which lost $2⅞ to $49⅞. Although third quarter net income rose to 42 cents a share from 33 cents the previous year, the profits were lower than expected.

Similarly, MCI Communications tumbled $3 to $27⅛ after the company posted third quarter earnings of 51 cents a share, below the expected 54 cents a share. In last year's third quarter, MCI had a loss of 69 cents a share.

Canada

TORONTO stocks ended mostly unchanged in heavy trading, after gaining more than 87 points in the previous two sessions.

Based on preliminary data, the composite index inched 3.19 points higher to finish at 3,466.15. Advancing issues led decliners 344 to 219, and volume climbed to 30.3m shares from the previous 26.1m. Trading value rose to C$335.1m, from C$300.4m. Nine of 14 subgroups made gains, led by golds which moved 2.33 per cent higher. Communications and media gained 1.13 per cent.

ASIA PACIFIC

Nikkei average advances for third consecutive day

Tokyo

THE OVERNIGHT rise on Wall Street and lower interest rates encouraged investors yesterday, and the Nikkei average rose for a third consecutive day, *writes Emiko Terazono in Tokyo.*

The index gained 105.18 to 24,439.85 after opening at the day's low of 24,344.68 and hitting a high of 24,643.11 in the afternoon.

Volume rose to 450m shares from 350m; yesterday was the execution day for stock options which boosted arbitrage-related activity. Traders also noted option-linked price manoeuvring of the cash index.

Gains led losses by 609 to 341, while 170 issues were unchanged. The Topix index of all first section stocks put on 8.53 to 1,858.58, and in London the ISE/Nikkei 50 index added 3.12 at 1,411.38.

The market share of the Big Four – Nomura, Daiwa, Nikko and Yamaichi – fell to 12.8 per cent on the third day of their business suspension. Kankaku Securities came first on the list with 5.1 per cent and Morgan Stanley followed with 5 per cent.

Activity was led by dealers and individuals, and some institutions such as trust banks were seen trading for the short term. Foreign investors, on the other hand, remained on the sidelines.

The individuals sought theme-related stocks. Mr Masami Okuma at UBS Phillips & Drew said that, because neither a surge in activity nor a steep rise in the Nikkei average was likely in the near future, investors would concentrate on individual themes such as public works and environmental stocks.

Interest moved from biotechnology issues to resource shares. Nippon Zeon, the chemical company, fell Y39 to Y671 on profit-taking and Toray Industries, the synthetic fibre maker, lost Y29 to Y678.

However, Meiji Milk Products, which triggered the recent sectoral rally with its announcement of a new Aids drug, remained popular. It gained Y120 to Y1,130 in active trading.

Nissho Iwai, the trading company, rose Y30 to Y690 on reports that the company had discovered a gold vein in Hokkaido, northern Japan. Buying spread to other resource issues, with Nippon Mining adding Y12 at Y620 and Sumitomo Metal Mining Y40 at Y1,120.

Interest rate-sensitive, large-capital issues, which had been weak in the absence of the Big Four brokerages, rose on lower interest rates and bargain hunting by some institutional investors. Nippon Steel gained Y8 to Y420 and Mitsubishi Heavy Industries Y3 to Y728.

In Osaka, the OSE average moved ahead 143.67 to 26,618.95 in volume of 22.3m shares. Small-lot buying of small-capital shares supported the index. Nintendo, the game maker, advanced Y300 to Y13,700.

Roundup

WALL STREET's overnight rally to record highs provided some support in the Pacific Rim. Bombay was closed for a Hindu festival.

AUSTRALIA passed the 1,600 level on the All Ordinaries index, climbing 21.1 or 1.3 per cent to a year's high of 1,612.5. Turnover grew to A$324m from A$239m. Hopes of lower interest rates and inflation combined with the encouragement from New York to raise the market's spirits.

Among the winners, BHP gained 20 cents to A$14.35, CRA added 25 cents at A$12.85 and Western Mining rose 15 cents to A$4.77. MIM Holdings put on 8 cents to A$2.17 after stating that it would double its stake in Cominco, the Canadian zinc miner and refiner, to 22.5 per cent.

NEW ZEALAND was lifted by a rally in Fletcher Challenge, which had fallen sharply in recent months. The NZSE-40 index advanced 31.96 or 2.2 per cent to 1,437.12 as Fletcher Challenge gained 18 cents or 6 per cent to NZ$3.18 in the biggest volume of the day of 2.6m shares.

HONG KONG continued to fall on its return from Wednesday's holiday. The Hang Seng index slipped 15.32 to 4,018.43 in modest turnover of HK$970m, after HK$905m. In the property sector, Cheung Kong, the day's most active stock, fell 30 cents to HK$19.90.

TAIWAN recovered from its day's low on buying of cement shares. The weighted index, which had fallen more than 90 points, closed 5.19 off at 4,304.04. Turnover was modest at T$18bn, down from T$20.4bn.

BANGKOK was weak, the SET index dropping 12.28 or 2 per cent to 614.08 in light turnover of Bt1.3bn. MANILA eased after its recent advance. The composite index shed 15.37 or 1.5 per cent to 1,018.85.

SOUTH AFRICA

JOHANNESBURG gold shares recovered after their recent losses. An easier financial rand also helped lift prices. The all-gold index added 19 to 1,174 while the industrial index put on 34 to 4,061. The overall index rose 33 to 3,394.

Turkey suffers bout of pre-election nerves

A spate of visits by politicians has not revived the market, says John Murray Brown

THE LONG procession of politicians making their way to the Istanbul Stock Exchange in recent weeks has done little to revive the market, as Turkish investors ponder the prospect of a hung result in this weekend's general election.

"We've been turned into a Mecca for the economic policies of the parties," said one disgruntled broker yesterday.

President Turgut Ozal, Mrs Tansu Ciller, the economic spokesman for the opposition True Path party, and even the Social Democrats have been pressing brokers' palms in the last-minute search for votes.

The prospect of a weak coalition government is weighing down the exchange. The 75-share index languishes at around 2,500 compared with the record high of 5,749 on August 2 last year – the day Iraqi tanks invaded Kuwait. Yesterday the index declined 4.67 to 2,576.59.

According to the International Finance Corporation (IFC), the World Bank's private sector lending arm, no other emerging market has fallen as far as Turkey so far this year. The market's capitalisation has shrunk from TL70,000bn ($14.5bn) in September 1990 to TL48,000bn on October 11.

In an inflationary environment, the attraction of Turkish stocks has always been tempered by the high interest rates offered on bank deposits. The narrowness of the market, with just 133 companies traded, hampers its development. Also, there are not enough institutional investors, such as pension funds and insurance companies, to provide the necessary liquidity.

The problem of settlement is equally gargantuan. One banker remembers having to use three armoured cars just to carry the stock certificates for one new issue.

Brokers say that banks and other leading fund managers have withdrawn from the market, leaving the trading floor to short-term speculators, who have been exploiting the political and economic uncertainty ahead of this Sunday's poll.

The past few months have seen no new issues. The public participation administration, PPA – the body entrusted with divesting the state of its assets and selling them to the private sector – is now considering selling directly to the investors, and bypassing the market. Meanwhile, the hundreds of unofficial traders who once thronged the streets outside the exchange have moved on.

The problem of settlement is equally gargantuan. One banker remembers having to use three armoured cars just to carry the stock certificates for one new issue.

At a current p/e of about 9.7, down from 14.9 in September last year, the market looks attractive. In spite of the economic slowdown, Turkey's blue chip companies have all reported improved profits.

Koç Holdings, Turkey's largest trading company, more than doubled its profits for the nine months to October – which, even taking into account Turkey's 70 per cent inflation rate, is a considerable achievement. Maret, a frozen meat packager, reported earnings up by five times over the period. Bank and cement companies have also reported good results.

However, the buoyancy of some corporate returns reflects a switch of personal savings from equities into household goods, as consumers anticipate a rise in inflation in the wake of Sunday's election. The electronics sector has been particularly profitable, with companies offering easier payment terms to consumers.

"We have lost the individual investors," says one exchange official. The volume of transactions has more than doubled to an average 14m shares a day from 6.3m in October last year. But this merely reflects the increase in the number of brokers and the growing practice of short-term speculation, whereby traders sell stock "short" within the session – a trend that is causing some concern to the exchange authorities.

On Monday, all members received a strongly worded directive from the exchange authorities warning against the "questionable" transactions of some brokers.

With reports that some brokerages are already having settlement problems, the exchange authorities are clearly anxious not to provide an excuse for any incoming government to withdraw its support from the Istanbul stock market.

EUROPE

Interest rate move leaves Paris unimpressed

TAKEOVER activity enlivened Paris and Brussels yesterday, although French investors shrugged off a long-awaited interest rate cut, while Milan was back in action after the end of the floor traders' strike, *writes Our Markets Staff.*

PARIS was not impressed by the size of yesterday's cut in interest rates, a move that had been expected since the last rate reduction on March 18.

The CAC 40 index fell 7.90 to 1,855.50. The index had risen to 1,869.83 in early trading, but slipped after the Bank of France cut interest rates by quarter of a point. Turnover was moderate at about FFr2.5bn, up from FFr2.1bn.

In the leisure sector, Accor dropped FFr17 or 2.3 per cent to FFr716 in volume of 178,824 shares, as the market digested Wednesday's late news of its takeover offer for Wagons-Lits of Belgium. Accor had risen FFr48 in two days, after the suspension of Wagons-Lits on Tuesday, more on expectations that it would raise its stake than of a full bid.

"Although there are some obvious strategic reasons why Accor should buy Wagons-Lits, . . . the timing of this operation and the necessity to make a full bid, when control and a smaller holding would have suited Accor better, are inconveniences for Accor, when it is still digesting [the purchase of the US budget hotel chain,] Motel 6," said James Capel in its morning notes.

Eurotunnel fell another FFr1.70 or 3.8 per cent to FFr43.20. After the bourse closed, it said that the Channel tunnel builders had agreed to continue work on the cooling system, pending a court hearing.

In BRUSSELS, Wagons-Lits jumped BFr1,670 or 24.2 per cent to BFr8,560, after the BFr8,650-a-share takeover bid. The stock was suspended on Tuesday, pending the announcement.

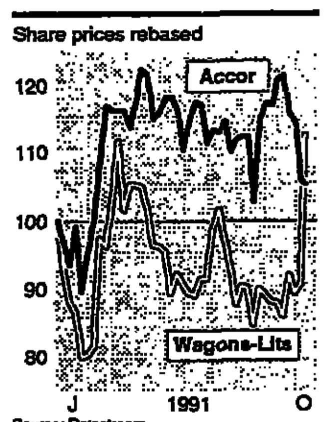
The Bel20 index edged up 1.83 to 1,107.38 in active trading worth BFr905m.

MILAN greeted the decision by floor traders to end their strike with an across-the-board rise. Trading was heavy as operators built up positions at the start of the November account. The Comit index was unavailable, but turnover was estimated to be at least L100bn.

Activity in Generali was particularly heavy on the last day the rights could be traded. The shares advanced L900 to L25,300. But SAI continued to weaken, losing L200 to L14,700, on concerns that its chief shareholder, Mr Salvatore Ligresti, was implicated in a construction scandal.

Fiat rose L108 to L5,219. After the close Fiat said that it would temporarily lay off 45,000 workers, or 40 per cent of its workforce, in the last week of November.

Share prices rebased



Source: Datastream

FT-SE Eurotrack 100 - Oct 17

Hourly changes

Open	11 am	Noon	1 pm	2 pm	3 pm	4 pm	Close
1099.73	1103.70	1097.12	1097.67	1097.52	1095.90	1095.48	1095.78

Day's High 1099.74 Day's Low 1093.22

Oct 16	Oct 15	Oct 14	Oct 11	Oct 10
1095.87	1095.49	1088.51	1088.47	1086.32

Base value 1000 (26/10/90)

FRANKFURT fell again, as a Commerzbank downgrading of earnings prospects for carmakers joined the Degab revisions for the chemical industry, which pulled the market down on Wednesday.

After a 9.93 fall to DM639.90 in the FAZ at midsession, however, the DAX closed only 5.60 lower at 1,564.51 in volume down from DM4.6bn to DM4.3bn. Mr Jens Wiecking of Merck Finck in Düsseldorf said that the downgradings for carmakers had been much less severe than those for chemicals, and the market had responded to that.

A near-10 per cent downgrade for BMW left the shares only DM1.20 lower at DM466.80. Volkswagen, allotted a 20 per cent downgrading, fell DM4.50 to DM335. Chemicals continued to weaken. Hoechst and BASF were down DM7.70 at DM227, and DM10.70 at DM233, over two days.

ZURICH continued to be more sanguine about chemical industry prospects. Sandoz, which forecast higher 1991 earnings, rose SFr30 to SFr2,400; Ciba-Geigy bearers held Wednesday's gains to close unchanged at SFr3,260; and Roche bearers, popular for its deep discount rights issue, put on another SFr80 to SFr8,100. The Crédit Suisse index rose 1.1 to 509.4.

OSLO recovered 2.1 per cent, led by Norsk Hydro, up NKr6.5 at NKr170.5, and Den norske Bank, NKr5.5 higher at NKr25. The all-share index rose 9.45 to 462.59 in turnover of NKr391m.

STOCKHOLM failed to hold on to early gains. The Affärsvärlden General index eased 2.2 to 970.0 in turnover of SKr340m after SKr351m.

S-E-Banken restricted A shares rose SKr1 to SKr53 as the bank released better-than-expected eight-month results. It said that it would hold a board meeting on November 5 to consider its future relationship with the insurer Skandia.

AMSTERDAM ended broadly mixed after a session dominated by options-related activity ahead of today's expiry of the October series. The CBS Tendency index rose 0.1 to 90.5, and turnover was moderately high at Fl 546.8m.

Philips fell 90 cents to Fl 33.90 after remarks from its president, Mr Jan Timmer, that the market should not be too optimistic about second-half prospects.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY OCTOBER 17 1991								WEDNESDAY OCTOBER 16 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	156.26	+1.7	135.44	128.21	138.40	130.26	+1.4	4.66	153.61	133.11	126.26	135.93	128.53	156.26	112.74	123.82
Austria (20)	162.74	+0.4	141.06	133.53	144.13	144.03	+0.5	1.98	162.02	140.39	133.19	143.37	143.32	222.37	154.82	201.60
Belgium (47)	128.47	−0.4	111.35	105.40	113.77	111.04	−0.2	5.34	128.95	111.74	106.00	114.10	111.30	151.20	118.04	135.33
Canada (114)	139.66	+0.2	121.05	114.58	123.68	114.17	+0.0	3.29	139.39	120.78	114.58	123.33	114.15	142.27	126.49	121.52
Denmark (37)	246.79	−0.2	213.90	202.49	218.56	220.35	−0.2	1.60	247.23	214.22	203.24	218.76	220.83	270.58	217.74	254.36
Finland (15)	85.35	+2.0	73.98	70.03	75.59	74.60	+2.1	3.26	83.69	72.51	68.80	74.05	73.09	125.15	83.69	102.28
France (109)	139.48	−0.3	120.90	114.44	123.52	126.96	−0.2	3.50	139.95	121.27	115.04	123.83	127.27	152.26	119.11	141.14
Germany (65)	104.13	−1.3	90.25	85.45	92.22	92.22	−1.2	2.45	105.53	91.44	86.76	93.37	93.37	125.35	94.15	116.08
Hong Kong (55)	165.57	−0.7	143.51	135.85	146.64	164.90	−0.7	4.42	166.79	144.53	137.11	147.59	166.05	169.98	119.62	119.58
Ireland (18)	158.66	+0.0	137.52	130.18	140.52	142.40	+0.0	3.51	158.64	137.46	130.41	140.37	142.33	182.46	132.88	157.01
Italy (77)	70.10	+2.1	60.76	57.51	62.08	66.62	+2.1	3.46	68.66	59.49	56.44	60.75	65.26	88.23	64.76	83.62
Japan (474)	141.75	+0.7	122.86	116.30	125.55	116.30	+0.5	0.73	140.77	121.98	115.72	124.58	115.72	146.97	118.23	137.79
Malaysia (68)	196.16	+0.2	170.02	160.94	173.72	207.57	+0.1	2.94	195.80	169.66	160.95	173.25	207.37	247.78	189.18	186.69
Mexico (16)	1307.86	−0.1	1133.60	1073.08	1158.30	4378.49	−0.1	1.20	1308.93	1134.20	1076.03	1158.23	4382.09	1308.93	534.45	520.92
Netherland (31)	140.12	−0.1	121.45	114.97	124.10	122.73	+0.0	4.39	140.33	121.60	115.36	124.17	122.78	145.73	125.70	134.78
New Zealand (14)	47.14	+2.9	40.86	38.68	41.75	44.15	+2.8	6.58	45.80	39.68	37.65	40.53	42.94	64.64	41.18	52.74
Norway (31)	185.87	+2.2	161.11	152.51	164.62	168.15	+2.3	1.67	181.87	157.59	149.51	160.94	164.41	223.24	178.58	234.69
Singapore (38)	191.48	+0.6	165.97	157.11	169.58	149.39	+0.5	2.31	190.41	164.99	156.53	168.48	148.64	208.25	151.63	153.19
South Africa (61)	248.18	+0.9	215.11	203.62	219.79	170.05	+1.2	2.85	245.98	213.14	202.21	217.65	168.02	258.85	173.00	156.27
Spain (53)	150.58	−0.1	130.52	123.55	133.36	122.18	−0.1	4.48	150.77	130.65	123.95	133.41	122.33	171.12	131.51	145.35
Sweden (25)	178.72	−0.1	154.91	146.64	158.29	164.10	+0.0	2.72	178.90	155.02	147.07	158.31	164.14	204.12	146.60	171.00
Switzerland (59)	93.70	+0.2	81.21	76.88	83.00	86.47	+0.3	2.23	93.50	81.02	76.87	82.74	86.22	100.67	82.17	93.89
United Kingdom (240)	177.38	+0.4	153.75	145.53	157.08	153.75	+0.4	4.83	176.71	153.12	145.26	156.35	153.12	187.44	156.27	162.94
USA (526)	159.24	−0.3	138.02	130.66	141.04	159.24	−0.3	3.05	159.68	138.36	131.27	141.30	159.68	161.02	125.96	123.20
Europe (827)	138.34	+0.1	119.91	113.51	122.53	121.74	+0.1	3.95	138.26	119.81	113.66	122.35	121.61	151.52	125.50	137.25
Nordic (108)	177.45	+0.2	153.81	145.60	157.16	154.53	+0.2	2.10	177.10	153.46	145.59	156.71	154.19	200.81	155.55	182.62
Pacific Basin (718)	142.14	+0.7	123.20	116.63	125.89	117.62	+0.5	1.06	141.17	122.32	116.05	124.92	117.03	145.92	117.86	136.29
Euro – Pacific (1545)	140.98	+0.4	122.19	115.66	124.85	120.08	+0.3	2.19	140.36	121.62	115.37	124.19	119.67	147.66	121.29	137.05
North America (640)	157.95	−0.2	136.91	129.61	139.91	156.18	−0.3	3.06	158.35	137.21	130.19	140.14	156.59	159.66	125.91	123.02
Europe Ex. UK (587)	115.31	−0.2	99.95	94.63	102.15	103.44	−0.1	3.26	115.54	100.12	95.00	102.26	103.58	129.80	103.58	121.10
Pacific Ex. Japan (244)	145.97	+0.7	126.52	119.78	129.29	128.53	+0.5	4.29	144.95	125.60	119.17	128.27	127.85	147.60	111.40	117.89
World Ex. US (1736)	142.77	+0.4	123.75	117.15	126.45	121.41	+0.3	2.23	142.15	123.17	116.86	125.79	120.99	148.16	122.32	136.94
World Ex. UK (2022)	144.38	+0.2	125.14	118.47	127.88	131.19	+0.1	2.27	144.15	124.91	118.51	127.57	131.08	145.77	120.06	128.03
World Ex. So. Af. (2201)	146.60	+0.2	127.07	120.30	129.85	133.02	+0.1	2.53	146.36	126.82	120.32	129.52	132.88	148.66	122.92	130.98
World Ex. Japan (1788)	151.60	−0.1	131.40	124.39	134.28	142.58	−0.1	3.42	151.71	131.45	124.73	134.26	142.67	152.85	126.69	126.96
The World Index (2262)	147.26	+0.2	127.64	120.83	130.43	133.33	+0.1	2.53	147.00	127.38	120.85	130.08	133.17	149.01	123.26	131.13

RECRUITMENT

JOBS: Brunel tops graduate-employment league

How universities fared

WHAT do today's most highly educated young people in Britain have in common with their counterparts two decades older?

The answer is a faltering demand by employers for their youthful services, as witness the opening of an article written by the embryonic Jobs column 20 years ago. It read: "At least 2,500 new graduates from British universities were still seeking their first serious job at the end of December – six months after taking their degree."

The repetition of history is not entirely identical, there being two main differences. The first is that, then, graduate unemployment was a new phenomenon and so grabbed the headlines. The other is that, now, the effects are worse.

For example, the "at least 2,500" mentioned above constituted just over one in every 20 of the 1970 crop of bachelor-level graduates from United Kingdom universities, who totalled 47,584. The degree courses of the 2,500-plus, at the official figure of £4,000 apiece, had cost the taxpayer more than £10m.

Of the equivalent crop in 1990, which was up to 67,570, the share still seeking anything better than a very temporary job at the end of the December had doubled to just over one in every 10. The number in that sad pickle was 6,951 whose degree studies, at an admittedly inflation-hiked £26,000 each, cost taxpayers nigh on £181m.

One thing which hasn't changed over the two decades, however, is illustrated by the accompanying table. The unchanging factor is that, when it comes to job-getting, some universities' bachelor-degree products do considerably better than those of others.

Nor, moreover, are the variances explained – as some leading lights of higher education used to claim – by differences in the mixture of subjects taught between one institution and another. But before expanding on that point, I'd better describe the workings of the unavoidably complex table, which covers the UK's 45 largely publicly financed, campus universities.

The first column after their names gives their total output of UK-domiciled bachelor-degree winners in the summer of 1990. The next shows the percentages of same who, by December 31, had simply vanished from their alma mater's ken. The third gives the number whose whereabouts were known.

Then we have four columns which divide the 1990 "knowns" into four different sections, expressed as percentages of the total output. The first is those who obtained jobs of the long-term variety, and the second those who continued their academic studies or went into full-time training.

Next we have a mysterious group who, besides being neither studying nor training, were for some reason not available for paid work. They do not include people who remained on some employer's books while studying, and thereafter returned to the fold.

The fourth section consists of graduates who ended the calendar year either unemployed or in a makeshift job expected to last at most three months.

As may be seen, that "Short-term work or jobless" percentage varies widely between universities. The trouble is that it isn't really a just comparison, because it makes no allowances for the differences in subject-mix referred to earlier. So institutions with above-average shares of students in "employable" subjects such as engineering are given an unfair start.

Hence the final three columns of the table, which even things out by adjusting for subject-mix variances. But for technical reasons, instead of focusing solely on the 1990 degree-winners like the previous columns, the last trio refer to the combined outputs over the three-year period, 1988-90.

The adjustments are made by taking the all-universities average rates for the short-term and jobless category in each of the various subjects taught, and giving each institution a "target" figure for its particular mix.

The targets – representing the number of people who would have been in that unfortunate category if their alma mater had conformed to overall norms – are shown in the first of the final trio of columns. The next one gives the actual number of degree-winners who ended the calendar year in which they graduated either jobless or at best temporarily employed.

The last column of all shows the percentage by which each of the universities in reality either surpassed or fell short of its target, and that is the basis on which they are ranked.

Michael Dixon

UNIVERSITY	Total of new UK graduates produced in 1990	% not traced as at 31/12	No. whose activity was known at 31/12	% of known-activity graduates in: Long-term jobs	Further study or training	Not seeking post	Short-term work or jobless 1990	Adjusted scores 1988-1990: "Target" number short or jobless	Actual number short or jobless	% Difference + better − worse
Brunel	558	6.6	521	67.7	16.9	2.9	5.9	136.2	75	+44.9
Durham	1,251	19.6	1,006	41.5	23.6	8.1	7.0	393.1	220	+44.0
Lancaster	1,172	28.0	844	36.3	20.4	8.4	6.9	303.7	208	+31.5
Hull	1,224	7.9	1,127	52.9	24.9	4.7	8.6	402.7	278	+31.0
Bath	772	6.4	723	68.8	13.7	4.5	6.6	171.8	119	+30.7
Dundee	614	6.7	573	54.2	29.2	6.0	3.9	126.3	89	+29.5
Aberdeen	1,056	5.3	1,000	51.6	27.5	6.9	8.7	304.6	223	+26.8
St Andrews	648	8.0	596	48.0	28.2	6.2	11.6	237.7	176	+26.0
Kent	924	17.4	763	45.8	23.4	2.9	10.5	272.9	206	+24.5
Exeter	1,263	2.6	1,230	54.5	23.5	11.6	7.8	381.8	292	+23.5
Oxford	2,641	8.7	2,412	43.9	31.3	6.8	9.3	818.9	628	+23.3
Salford	829	12.2	728	60.9	15.2	2.8	8.9	199.4	155	+22.3
City	565	8.5	517	69.4	9.2	6.2	6.7	104.6	83	+20.7
Queen's, Belfast	1,680	2.6	1,636	50.9	34.6	3.3	8.6	489.1	412	+15.8
York	903	8.2	829	48.9	25.6	7.4	9.9	320.2	270	+15.7
Surrey	654	3.5	631	65.7	15.7	5.5	8.8	138.0	121	+12.3
Birmingham	2,228	16.2	1,866	45.8	21.1	10.3	6.6	448.9	399	+11.1
Aston	848	4.8	807	75.2	7.3	4.5	8.2	165.1	148	+10.4
Glasgow	2,309	5.9	2,174	53.3	27.9	3.3	9.6	598.7	537	+10.3
Reading	1,438	11.1	1,279	50.2	14.8	10.3	13.6	383.7	348	+ 9.8
Leicester	1,093	9.0	995	39.7	33.9	6.2	11.2	338.2	312	+ 7.7
Cambridge	2,711	12.0	2,387	40.9	30.4	7.7	9.0	698.1	646	+ 7.5
Heriot-Watt	703	5.4	665	58.3	23.8	3.8	8.7	137.8	132	+ 4.2
Essex	676	10.4	606	41.9	25.7	7.7	14.3	202.3	196	+ 3.1
Bristol	1,625	5.6	1,534	47.8	22.6	12.9	11.1	443.9	448	+ 0.9
East Anglia	1,019	5.5	963	49.3	25.6	6.5	13.1	352.8	350	+ 0.8
Edinburgh	1,926	9.3	1,747	48.1	26.8	6.8	9.0	508.2	509	− 0.2
Newcastle	1,755	5.7	1,655	55.8	19.8	8.2	10.5	437.3	439	− 0.4
Southampton	1,522	15.7	1,282	46.7	19.8	8.7	9.1	335.2	339	− 1.1
Bradford	905	5.9	853	71.0	12.9	2.4	7.8	252.2	256	− 1.5
Leeds	2,289	6.5	2,141	54.0	22.7	6.2	10.6	615.6	626	− 1.7
Strathclyde	1,446	11.1	1,286	55.0	20.1	3.2	10.6	298.6	329	−10.2
Stirling	662	7.2	614	57.7	15.3	6.2	13.6	188.5	211	−11.9
Wales	4,557	8.2	4,185	46.0	27.6	5.4	12.8	1,372.0	1,537	−12.0
Manchester	2,739	11.8	2,417	53.1	19.3	6.8	9.0	664.6	753	−13.3
Warwick	1,563	10.3	1,401	49.6	19.8	8.0	12.3	425.6	502	−18.0
UMIST	820	13.9	706	58.1	15.1	5.0	7.9	154.1	183	−18.8
Ulster	1,623	1.2	1,604	65.5	18.5	2.7	12.1	541.4	644	−19.0
London	7,883	19.2	6,367	47.5	18.7	5.0	9.6	1,517.5	1,816	−19.7
Nottingham	1,666	16.7	1,387	49.2	19.4	5.6	9.1	388.6	466	−19.9
Loughborough	1,192	8.7	1,088	60.6	12.2	7.0	11.5	303.2	376	−24.0
Sheffield	1,808	5.3	1,712	55.4	22.3	7.0	10.0	475.9	592	−24.4
Liverpool	1,855	12.4	1,624	48.5	23.0	3.7	12.4	459.6	644	−40.1
Keele	623	7.7	575	37.4	29.9	3.7	21.3	221.3	313	−41.4
Sussex	914	15.0	777	37.8	18.8	12.4	16.0	290.1	416	−43.4
OVERALL	69,154	10.6	61,833	50.6	22.4	6.3	10.1	18,020.0	18,020	–

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A major European bank currently seeks a senior customer dealer aged early 30's to 'head up' their Corporate desk. Pre-requisites for this appointment include appropriate leadership qualities, at least five years experience developing UK Corporate customers and a thorough knowledge of foreign exchange, treasury and off balance sheet products.

Options–Marketing — to £70,000
On behalf of a major international bank we currently seek a senior individual with specialist currency options sales experience. The appointee is likely to be aged 28-35, of graduate calibre and currently employed at an active name in the currency options market.

Spot Dealers — £ neg
On behalf of several major bank clients we seek spot dealer candidates to strengthen existing desks. Applications are invited from individuals who possess at least two years experience trading Spot Yen, ECU Cable and EMS currencies. Negotiable salaries will accurately reflect the degree of experience.

Senior Strategic Spot Dealer — £ neg
For a senior position within a first class European bank we currently seek candidates aged 30-36 with c.10 years experience in the spot market and currently employed at a major trading bank. The role requires familiarity with trading on a strategic type basis and the ability/potential to manage the foreign exchange function. Salary is not seen as a limiting factor.

Margin Trading–Sales — £ neg
Due to expansion a first class European Bank seeks to recruit a senior sales person aged 30-38 to be responsible for establishing a new *margin* trading function. Applicants will possess a successful background primarily developing high networth accounts etc., plus a sound knowledge of systems and accounting procedures.

For further details, please contact Steve Cartwright either by telephone or in writing.

GORDON BROWN & ASSOCIATES LTD RECRUITMENT CONSULTANTS
5th FLOOR, 2 LONDON WALL BUILDINGS, LONDON EC2M 5PP. TEL: 071-628 7601 FAX: 071-638 2738

GB *Gordon Brown*

MULTIFOREX (LONDON) LIMITED

Bright, young and aggressive

FOREIGN EXCHANGE DEALERS

are needed to join our newly formed team. We trade "around the clock" with a worldwide clientèle. Successful applicants will have at least two years' market making experience, with preference shown to candidates fluent in Arabic or French. They will be articulate, able to form close professional relationships, alert to events in the wide world and may have access to an established client-base.

In particular, we seek a responsible individual able to take permanent charge of our night shift.

Please telephone Mark Lowe: (071) 411 4000

EXECUTIVE POSTS

Top City based banks seek the following:

CORPORATE FINANCE - Marketing of equity products etc. in the U.K. and/or elsewhere, cross-border M & As' In some cases languages can be advantageous. Salary to £70K (neg).

RESEARCH - Top quality people with experience in any of the following: Building and construction sectors, bonds, equities and derivatives. Salary to £80K.

For further details, please call Alexandra Radlovic on:- (071) 377 6488 or send/fax a C.V. in strict confidence to:-

Cambridge Appointments
232 Shoreditch High Street, London E1 6PJ
Fax: (071) 377 0887

BULK MAILING

A major consultancy firm is seeking high level specialists in the field of multinational bulk mailing. They will carry out the feasibility study of a start-up. According to the success of Study, they might be appointed by the future company after a short trial period.

Write to Box A1665, Financial Times, One Southwark Bridge, London SE1 9HL.

Appointments Advertising
appears every
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Friday
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The London office of a major international bank requires a

MANAGER OF PERSONNEL DEPARTMENT

Candidates, preferably in the age range 30-40, should have a Diploma in Personnel Management or Grad. IPM and at least five years relevant experience at a senior level in the Personnel Department of a major bank. They should have good knowledge of commercial banking practices as well as O & M.

An attractive package is available to the successful candidate.

Please send full personal and career details to: Box A1671, Financial Times, One Southwark Bridge, London SE1 9HL.

All applications will be treated in strictest confidence.

FINANCIAL/EQUITY MARKET ANALYST

Wimbledon

America's leading real-time equity market analytical/news service is expanding and creating a pan-European product. This provides an excellent opportunity for an aggressive individual with the desire to aid in building a success story. The candidate we seek must have 3-7 years experience in equity market or equity analysis, including supervisory experience; established professional contacts and the skills necessary to develop market timing/allocation models. It is essential that you possess a post-graduate degree and are fluent in another major European language.

Please write, enclosing full cv. to:

Laxmi Chaudhry, Human Resources Manager,
McGraw Hill, McGraw-Hill House,
Shoppenhangers Road, Maidenhead,
Berkshire SL6 2QL.

McGraw Hill

APPOINTMENTS WANTED

ENGLISHMAN
Retired early to Thailand
would like to act as agent for company / individual seeking representation in Thailand. Twenty years experience as country manager for international company. References available and good contacts in Thailand. Will work for commission or can invest if required. Tel: 251 4014 (Bangkok) or write initially

Write to Box A1674, Financial Times, One Southwark Bridge, London SE1 9HL.

CERTIFICATED REAL ESTATE CONSULTANT
Swiss/German based with experience in commercial, hotel, golf and leisure projects in the European market seeks a position within the international division of a company (or European representative/consultant)
Please write Box A1666, Financial Times, One Southwark Bridge, London SE1 9HL.

Derivative Products. Sales/Trading/Fund Management.
Opportunist late twenties graduate accountant. Several years. Global equity derivative experience. Strong technical based research, knowledge of equity analysis (ASIA qualified). Computer literate. Seeking career move with blue chip trading house Fund manager

RETIRED RACEHORSE TRAINER
with 30 years experience in England and Ireland, and sound knowledge of international racing and bloodline would step up and manage racing, or breeding and racing as required.
Write to Box A1669, Financial Times, One Southwark Bridge, London SE1 9HL.

Graduate
with good translation (Italian and French) and research skills, interested in financial journalism, seeks suitable full/part time of freelance work.
Write Box A1670, Financial Times, One Southwark Bridge, London SE1 9HL.

ECONOMIST SEEKS POSITION
14 years broad financial sector experience with major companies in London. Can offer business degree, high level of numeracy & computer literacy. V. flexible with regard to *role & location*.
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Requires overseas's assignment. Experienced within Europe, Middle East, Far East. Skills include P + L responsibility, JV projects, licensary, sales and marketing. Hard working results orientated professional.
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To help establish a trading desk for multiple market index products (Multiple indices, currency *protected structures, cross market options*). Work with Global Sales and marketing units. Help develop index tracking models.

TRIPLE AAA

You will be highly academic with strong practical Finance credentials in areas of fixed income research, structured products, index swaps and risk management.

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JONATHAN WREN EXECUTIVE

ANGUILLA

Superintendent of Offshore Finance

Recent legislation and our commitment to the highest quality of supervision and regulation in the offshore sector have resulted in a new initiative of the provision of soundly based offshore financial services. It is expected to make a major contribution towards the long-term economic development and diversification of the island.

Working closely with local officials and representatives of the local private sector, you will help implement this initiative by reviewing the present operating methods of the Offshore Finance Centre, particularly in the fields of banking, trust companies and insurance. Other duties will include: the establishment of procedures for the regulation of all activities in the offshore financial sector, including the Company Registry; reviewing existing legislation and assisting in developing the potential of the industry; ensuring compliance with the legislation.

QUALIFICATIONS

Applicants should be European Community nationals proficient in English, with direct experience of the financial sector, possibly with a legal background, and also direct experience of the regulatory framework in other offshore financial locations. A professional qualification in economics, accountancy or law is essential.

TERMS OF APPOINTMENT

You will be on contract to the British Government for 2 years, on loan to the Government of Anguilla. **Salary (UK taxable) will be c.£43,900 p.a. for the duration of the appointment.** Additional benefits will normally include variable tax-free allowances, children's education allowances, free accommodation and passages and annual fare-paid leave.

Closing date for receipt of completed applications is 8 November, 1991.

For further details and application form, please write to Appointments Officer, Ref No AH367/JW/FT, Abercrombie House, Eaglesham Road, East Kilbride, Glasgow G75 8EA, or telephone 0355 843309.

ODA is committed to a policy of equal opportunities and applications for this post are sought from both men and women.

ODA OVERSEAS DEVELOPMENT ADMINISTRATION
BRITAIN HELPING NATIONS TO HELP THEMSELVES

Private Client Stockbroking

City

One of the UK's leading Agency Brokers

Our client is the private client stockbroking subsidiary of a major UK Financial Institution and together with the institutional broking division is now one of the leading agency firms in the country. The company enjoys the unusual combination of retaining a high degree of autonomy whilst receiving complete support from the parent company, which has continually demonstrated a total commitment to the private client market.

The business has grown considerably in recent years and both divisions remain profitable, a significant achievement in present *market conditions. Furthermore, this has been* achieved without charging clients any management fees.

As part of the strategy for continued expansion. the firm would like to recruit a team of experienced brokers, with an attached business, who wish to return to a more traditional style of stockbroking in a small and professional environment. Applications from individuals will also be considered.

Successful candidates can be assured of easy access to top quality research and will benefit from highly efficient settlement and valuation systems. Remuneration packages will include a competitive basic salary, pension, health insurance and participation in an attractive incentive scheme.

For a strictly confidential discussion please telephone or write to John Field, quoting reference 1413, at FLA, 16 Old Bond Street, London, W1X 3DB. Tel: 071-491 3811.

FLA
SEARCH, SELECTION AND CONSULTANCY SERVICES

USA!
California Immigration Law Firm offers 2½ hour seminars at £19.95 (pay at door) on Sunday 20th October at 11am, 3pm & 6.30pm in the Hilton Mews Hotel, W1 on Work and Investor Visas + Green cards. Also full details on 1990 Immig. Act with biggest changes in 66 years from Oct 1 1991.
071-722 8853 or 8854

THE LONDON INTERNATIONAL FINANCIAL FUTURES EXCHANGE

Opportunities in market supervision

Investigation in the City · c.£25,000

The London International Financial Futures Exchange is firmly established as one of the world's leading financial marketplaces for the trading of futures and options contracts. Towards the end of this year, the trading floor will move from the Royal Exchange to Cannon Bridge - one of the largest and most prestigious new developments in the City.

We are currently looking for suitably qualified and experienced people to join our Market Supervision Department, which undertakes a number of the Exchange's regulatory functions, including the surveillance of trading and the investigation of alleged breaches of rules and procedures.

Candidates should have at least two years' City-based financial services experience, backed by a degree and/or professional qualification. Previous knowledge of futures and options or other securities would be a distinct advantage, as would PC skills. Good written and oral skills are essential - and will be thoroughly tested in this environment through the preparation of cogent reports and effective presentations to disciplinary panels.

Starting salaries, relating to experience, will be backed by generous benefits including non-contributory pension scheme, life assurance, BUPA and 25 days' annual leave.

If you are interested in joining a small, pro-active team at the heart of one of London's fastest-growing financial markets, please send your full cv to Helen Jenkins, Personnel Manager, LIFFE, The Royal Exchange, London EC3V 3PJ.

LIFFE The London International Financial Futures Exchange

Appointments Advertising
appears every Wednesday & Thursday & Friday (international edition only)
For further information please call
Richard Jones 071-873 3460
Teresa Keane 071-873 3199
Alison Prin 071-873 3607
Phillip Wrigley 071 873 3351

Financial Controller

Middlesex c.£40,000

Our client is a new and rapidly growing division of a successful plc and is involved in equipment rental and leasing in Eastern Europe. Growth in this area has been phenomenal and expectations are that this trend will continue for the foreseeable future.

The Financial Controller is a new appointment and will take on the role of the division's number two and right-hand to the Managing Director. Initial responsibilities will include the development of systems to produce accurate management information for the division, including marketing and operational information as well as financial results. The Financial Controller will also be expected to set up links with overseas subsidiaries, developing effective communications and strong relationships. It will also be necessary to develop an intimate knowledge of and good working relationships with the various international banking organisations.

Candidates will be qualified (preferably ACA) accountants, and should have previous experience in asset funding/leasing. As well as superior financial skills, the appointed candidate will have the commercial awareness to enable him/her to contribute to the general management of the business. A sound knowledge of banking procedures throughout Europe would be advantageous as would previous systems development experience. Personal attributes will include self-motivation, well-developed communications skills and the ability to operate effectively at all levels in an international environment.

Travel throughout Europe can be expected to occupy approximately one third of the working year.

Please send career and personal details to Frances A. Bell, quoting JH/2086, AAD Recruitment Consultants, 7 Curzon Street, London W1Y 7FL.

AAD *The Advertised Appointments Division of Odgers and Co. Ltd.*

NORTH HOUSING

FINANCE DIRECTOR

£45k + car and other benefits

North Housing needs a Finance Director. John Cassidy is retiring in May 1992.

The new Director could be you – if you have experience in leading the development of financial strategy in a major organisation.

You will have had control of substantial borrowing programmes including income generation and treasury management. You will also be a successful manager of finance personnel and at North Housing you will find a skilled team. Your experience does not have to include a knowledge of housing association finance but it would help. You will be able to demonstrate an ability to make things happen. You will be at home talking to the City and equally at home talking to the tenants of the houses you help to provide.

North Housing is a housing management organisation. Our prime objective is the provision of houses to rent. We are *one of the largest, most active and innovative* of housing associations. There are 21,000 homes in management, 850 were built last year. Capital expenditure last year of £40 million and £50 million this year demonstrates the scale of continuing activity. People need homes to rent and the challenge to us is to provide as many as we can and to manage and maintain those that we have. The Finance Director has a key role to play in meeting that challenge.

North Housing strives to afford equal opportunity to all individuals and sections of the community and welcomes applications from all races, both sexes, and from people with disabilities.

If you wish, the Chief Executive, Alan Kilburn will be available to discuss the post and answer your questions prior to application.

Applications in writing should be submitted no later than Monday 18th November 1991 addressed to: The Chief Executive, North Housing Association Limited, Ridley House, Regent Centre, Gosforth, Newcastle upon Tyne, NE3 3JE (Tel: 091 2850311).

Appointments Advertising

appears every Wednesday & Thursday & Friday (international edition only)

For further information please call

Richard Jones 071-873 3460

Teresa Keane 071-873 3199

Alison Prin 071-873 3607

Phillip Wrigley 071 873 3351

Chief Accountant

London £27,800 p.a.

Save the Children is the UK's largest international voluntary agency in its field, with programmes in some 50 countries and a well established project base in the UK.

To finance our work, we depend upon support from the general public, volunteers in over 800 local branches in the UK, the corporate sector, local authorities and central government.

The Finance Department provides accounting and information services to the whole of The Fund worldwide. As Chief Accountant (deputy to the Finance Director) you will direct the department's work in response to changing situations within The Fund — and advise other departments on financial matters to safeguard The Fund's assets and reputation. You will have the responsibility too, for overseeing our new general ledger system and the implementation of a new supporter system within the next 12 months.

A qualified accountant (ACA, CACA or equivalent) with at least seven years experience in financial management, you will need to become familiar with the complex technical issues that face charities. Your skills will also include the ability to manage and motivate your 30-strong team.

This position presents a marvellous and rare opportunity for the right individual to be involved with this high profile organisation. It's a role that will involve some travel, too, both in the UK and overseas.

For an application form please write to Jane Williams, SCF, 17 Grove Lane, London SE5 8RD.

Closing date: 7th November 1991.

SCF aims to be an equal opportunities employer.

Save the Children

EUROPEAN FISCAL DESIGN AND OPTIMISATION

Thames Valley

c.£45,000 + Car + Extensive Benefits

Having consistently demonstrated an enviable track record both in terms of growth, market share and profitability, this major high technology group is committed to further developing its success based upon employing continual technical innovation allied to a strong commercial awareness of the markets within which it operates. An important feature of its management structure has been the influence and impact that its finance function has with particular reference to strategy and long term planning within the Group.

In order to further strengthen its breadth and depth of expertise within the area of Group finance, the organisation is now keen to recruit an individual who will be responsible for the establishment and development of a function dedicated to address areas relating to risk analysis, fiscal control, transfer pricing and profit allocation.

Reporting to the Chief Financial Officer of the organisation's worldwide distribution operation, you will be responsible for initiating and controlling a number of projects relating to the Group's European operations with a particular emphasis on operational tax planning and long term strategy.

As a new role, the position will require the intellectual and perceptive attributes of a highly motivated individual able, on occasions, to cut through red tape, allied to proven analytical and financial acumen gained from within an international company environment.

Aged in your late 20's to mid 30's with either an accounting or international finance background, having already gained demonstrable experience in a similar functional activity, you should now be keen to further develop your career and expertise in a rapidly evolving group of companies.

Interested candidates should contact Charles Austin on 071-629 4463 (day) or 0234 262195 (eves) or write enclosing a full curriculum vitae to the address below quoting Ref CA342.

HARRISON WILLIS
EXECUTIVE SEARCH & SELECTION
Cardinal House, 39-40 Albemarle St., London W1X 3FD. Tel: 071-629 4463
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LIVERPOOL CHARTERED ACCOUNTANT/P.A.
£30,000 +

City centre practitioner with large high quality practice employing 22 (and rising) needs a mature experienced Chartered Accountant to act as his P.A. The job involves taking charge of administration, of quality control (we are heading for B.S. 5750), of training, review and progress chasing. We are offering a high salary, bonus, car and pension scheme. Please send c.v. and we will send selected applicants a full job specification prior to interview.

Malthouse & Company,
Chartered Accountants,
14 Castle Street, Liverpool, L2 ONE.

PROPERTY ACCOUNTING MANAGER
International Fund Management Group

c£33,000 + Car + Generous Benefits Package

Peterborough Based

Our client is a new subsidiary of a major international group and seeks to establish itself as a leading fund manager in the UK. The *company will manage* an initial portfolio of £13 billion.

Property investments comprise a significant element of this portfolio and they now seek an ambitious accountant, preferably with experience gained in an environment with property investment or development connections, to be Property Accounting Manager.

Working closely with the Property Services Manager and the London-based Financial Controller, your challenge will be to improve existing property accounting operations substantially. You will be responsible for the integrity of all property accounting systems, controls and procedures, the development of improved management information and reporting systems, and the management of an established team. You will also be expected to provide advice on financial aspects of property management to the Director of Property Investments.

You will be a qualified accountant, most likely aged 28-35, with the ability to effect change and make a major contribution to the development of the property operation.

Benefits include housing allowance and non-contributory pension. A full relocation package is also available.

For a confidential discussion and further information please call **Neil Wax on 071-387 5400** (out of hours on 0923 819298) or write to Financial Selection Services, Drayton House, Gordon Street, London WC1H 0AN, with details of current salary, quoting Ref: 100633.

FINANCIAL SELECTION SERVICES

DRAYTON HOUSE, GORDON STREET, LONDON WC1H 0AN.
TEL: 071-387 5400. FAX: 071-388 0857

ACCOUNTANCY

OBITUARY

Sir Kenneth Cork: insolvency practice master

SIR KENNETH CORK, former senior partner of Cork Gully & Co, died last Sunday, just a few days after becoming the first accountant to be honoured by having his portrait placed in the National Portrait Gallery.

It was a fitting end to a career in which he achieved such a remarkable dominance over his profession of insolvency practice, that there can be few areas of insolvency where one does not encounter his name within minutes.

Born on August 21 1913, Kenneth Russell Cork was educated at Berkhamsted School and went straight into his father's City accountancy firm on leaving school. His father had been a well known insolvency practitioner in the 1920s, and after a period in the audit business, his son followed in the family tradition, the only one of three brothers to do so.

Though Sir Kenneth took his ACA in 1937, his career did not get fully underway until after the Second World War when he had, in effect, to build up the family business from scratch once more.

As the 1950s boom was followed by more difficult times for the economy, his reputation grew steadily. He was made famous by his role as receiver or liquidator in a number of famous company crashes, including those of John Bloom's Rolls Razor washing machine empire in 1964 and Emil Savundra's Fire, Auto, and Marine Insurance in 1966.

Thereafter he generally had a hand in any substantial company collapse. He was an articulate defender of his profession and had a clear vision of what could be achieved by a reform of the law on insolvency practice. He could also be extremely amusing in conversation, sometimes even mildly outrageous.

Sir Kenneth's strong sense of professional vocation led him to place great importance on the training of his juniors. They found him always instructive and entertaining to work with, though he was watchful and there were occasional sharp words to drive home a lesson.

His working life was spent in the City of London and in 1951 he became a Common Councilman of the City, progressing to become Lord Mayor in 1978-79. His credentials as a City father ensured that his influence grew steadily with the Bank of England and the government.

In the 1973-74 secondary banking crisis, he was one of those who helped the City to put together its famous "lifeboat" and so stave of a possible collapse of the banking system.

Sir Kenneth's special role was to help dispose of the

assets of failed property companies on a quiet and orderly basis so that the market would not suffer undue disturbance. It was a low profile but extremely important task which he carried out with great finesse.

He also chaired the EEC bankruptcy convention advisory committee of the Department of Trade and the Northern Ireland Finance Corporation, which attempted to encourage fresh investment in the troubled province.

His greatest monument, however, was the 1986 Insolvency Act which grew directly out of his work between 1977 and 1982 as the head of a government committee on the reform of insolvency law and practice.

In 1980 Cork Gully merged with Coopers & Lybrand and Sir Kenneth himself retired in 1983, the year after the publication of the Cork report. By then all large accountancy firms were building up their own insolvency practices, drawing on Cork's ideas. Cork Gully, however, remained preeminent in the profession.

Accountancy was, however, only one facet of Sir Kenneth's life. Theatre was also very important. For 10 years he was a governor of the Royal Shakespeare Company, a connection which seems to have grown out of his involvement in the Barbican project, and between 1975 and 1978 he was the company's chairman, helping it to find commercial sponsors.

He went on to report on the Priestley Committee on the finances of the RSC, and the Royal Opera and the English National Opera, and in the late 1980s produced a further report on the funding of the professional field which remains the most influential study of its subject.

He was also chairman of the Arts Council in 1986-87 and served many City companies as adviser or director. He was a vice-chairman of the Ladbroke Group.

Behind the scenes, his insolvency skills were quite often deployed helping individuals and companies which seemed to be teetering on the brink of an avoidable collapse. He also became an energetic fund raiser for several charities.

Stories, by no means always apocryphal, about Sir Kenneth abound. He often disconcerted his juniors with what seemed a surprising flamboyance from a man at the summit of the accountancy profession, relishing occasions which gave him the chance to perform in public.

This no doubt arose partly from his distaste for the public's image of accountancy as a staid and dull profession, but he seems to have been drawn towards the theatre. It was no accident that he was able to form close links with the RSC and the world of opera where he was almost as influential as he was in insolvency practice.

At home he was a keen yachtsman – and sometimes said that he might have been happier as a sailor than as an accountant – as well as a keen painter and photographer. In 1987 he celebrated the fiftieth anniversary of his marriage to Nina Lippold. They had two children.

ACCOUNTANCY APPOINTMENTS

UK plc – International Group

GROUP FINANCE DIRECTOR

Bucks

Our client is a broad-based engineering group with UK, European and US interests. With a market capitalisation of £100m and turnover of £70m, the group has an impressive record of sustained profitability and growth.

As a member of the Main Board the Finance Director will work closely with the Managing Director in the management and development of the group. Responsibility is for full plc financial management including planning and control, tax, treasury, mergers and acquisitions and strategic planning.

A graduate Chartered Accountant aged 35-45 with relevant international experience in manufacturing is required for this proactive role, which needs the full range of technical and commercial skills. Experience in a similar role or at a senior level in a larger plc is required.

It is essential that the Finance Director has a strong personality, with drive and ambition, able to command the respect of colleagues and professional advisers.

Please write, enclosing a full career/salary history and daytime telephone number, to John Sleigh FCCA quoting reference J/2/F.

c£85,000 + bonus, options and executive package

Head of Financial Analysis

Health Care

To £35,000 — North London

Wide ranging role supporting the Finance Director of this well positioned provider of health care services. Key task to enhance management information and financial analysis through an experienced team in a challenging environment.

THE COMPANY

- Integrated community and hospital health care services. Annual income £50 million.
- Organisation at an exciting stage in its development.
- Committed to raising standards of customer care and services.
- Active programme of developing sophisticated management information systems.

THE POSITION

- Analyse and report on financial and statutory information. Report to Finance Director.
- Responsible for the preparation, review and coordination of budgets and forecasts. Plan and evaluate capital expenditure programme.
- Operate as in-house consultant advising senior managers on contracts, pricing policies and other ad hoc projects.

QUALIFICATIONS

- Graduate Accountant, aged 28+. Experience from the public sector or management consultancy preferred.
- Strategic thinker with analytical approach and strong project management skills.
- Ambitious and results orientated. Capable of managing a team. Strong, influential personality.

Please reply in writing, enclosing full cv, Reference K4152

54 Jermyn Street, London, SW1Y 6LX

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Group Financial Controller

North West — c£38,000 + Bonus + Car

Our client is a dynamic, £80 million turnover Plc with UK and US operating subsidiaries manufacturing highly specialised engineering products for worldwide markets. Since initial flotation in 1987, the company has pursued an aggressive acquisition programme aiming to maximise commercial opportunities in closely defined niche markets.

Internal promotion has created the need to recruit a Group Financial Controller to join a small, high calibre Head Office team. Responsibilities will include the full range of group finance reporting and working capital control, but particular emphasis will be placed upon the presentation, interpretation and review of management information throughout the business. Extensive liaison with senior finance and non-finance executives involving periodic visits to subsidiaries will be essential, and will provide an excellent opportunity to make an important contribution to the ongoing commercial success of the group.

Candidates, likely to be in their thirties, will be qualified accountants of graduate intellect, with strong technical ability combined with senior level experience – preferably gained in a computerised engineering environment. Highly developed commercial and interpersonal skills will be essential for the individual to make an impact in this high profile role.

Interested candidates should send a curriculum vitae to **Mark Hurley ACMA, at Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ, quoting Ref: M14751.**

Michael Page Finance
Specialists in financial recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Financial Controller

Bulk Pharmaceuticals

Northumberland — to £45,000 + Benefits

Our client is a recently acquired £20m+ turnover company engaged in the manufacture of bulk pharmaceuticals, mainly for export. Part of a major multi-national group, the business is well placed for sustained growth in world-wide markets.

The company now seeks to appoint a high-calibre finance professional to join its progressive management team in driving the business forward to achieve its full potential.

The key objective is to lead and develop a total business finance function from a well established factory accounting unit. Specific early tasks include the further development of commercial systems, treasury management, and continued improvement in financial control procedures.

Candidates will be commercially astute, qualified accountants with a proven track record of achievement at both factory and headquarter level.

A high degree of technical competence, well developed leadership and communication skills, a proactive approach and a strong personal presence are pre-requisites for success in this role.

Full relocation facilities to an attractive rural location close to Newcastle are available where appropriate. Interested applicants should contact **James J Russell, or Frederick Howie ACMA, quoting reference L8556, at Michael Page Finance, Leigh House, 28-32 St Paul's Street, Leeds LS1 2PX. Tel: (0532) 450212.**

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ROBERT HALF Financial Recruitment Specialists

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

INVITE YOU TO A BUSINESS BREAKFAST

HOW TO MAKE ACCOUNTANCY RECRUITMENT MORE EFFECTIVE

ON THURSDAY 21ST NOVEMBER 1991
AT THE SAVOY HOTEL,
STRAND, LONDON WC2
8.30AM - 9.30AM

The last in the current series, this Financial Times Breakfast Briefing is designed for all those involved in the recruitment of Accountants. The talk will be given by Jeff Grout, Joint UK Managing Director of Robert Half, and will cover:-

- CHARACTERISTICS OF THE CURRENT ACCOUNTANCY JOB MARKET
- WHAT ACCOUNTANTS ARE LOOKING FOR
- ACCOUNTANCY SALARIES
- WHERE TO ADVERTISE AND HOW
- MAKING THE INTERVIEW MORE EFFECTIVE
- THE ROLE OF RECRUITMENT CONSULTANCIES

A specialist in Accountancy Recruitment for more than 10 years, Jeff Grout is a frequent contributor to various newspapers and journals on the subjects of job hunting and recruitment. A regular speaker, he has been a guest on numerous radio programmes and appeared on Sky Television. He has advised many companies on how to improve their recruitment process and has presented in-house recruitment seminars and interview workshops for companies such as Marks & Spencer, Vickers, Guinness, Heron Corporation and Paribas.

- **Michael Spedding, Group Financial Controller, MAI plc** "An excellent presentation on recruiting Accountants in today's job market".
- **Graham Coulson, Personnel Manager, MEPC plc** "Valuable and enjoyable".
- **Ian Freeman, Financial Controller, Black & Decker** "Very good, well expressed seminar which was definitely worth attending".
- **Jim Whitfield, Director of Financial Services, British Steel plc** "Time well spent, very useful refresher course. Excellent".
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- **Carmel Ryan, Personnel Manager, Lyons Tetley** "Very useful, even for Personnel".
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